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TRADE UNIONS AND INCOMES POLICIES:
BRITISH UNIONS AND THE SOCIAL CONTRACT IN THE 1970s

EDWARD GREGOR MURRAY

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ABSTRACT
TRADE UNIONS AND INCOMES POLICIES:
BRITISH UNIONS AND THE SOCIAL CONTRACT IN THE 1970s

This is an investigation of the trade union role in the Social Contract incomes policies in Britain during the 1970s. In the context of the general political economy of the period, the study looks at the development in the early 1970s of an accord between the Trades Union Congress (TUC) and the Labour Party known as the Social Contract, examines the trade union participation in the series of voluntary incomes policies that followed the election of the Labour Government in 1974, and charts the development of opposition to such participation culminating in the collapse of the policy in the winter of 1978-1979 and the subsequent defeat of the Labour Government in the 1979 general election. More specifically, the study focuses on the experience of six individual unions within the context of TUC policy-making: the articulations between their approaches to incomes policy and their collective bargaining policies, the anatomy of their responses and policies towards the various phases of the Social Contract, the mobilization of consent and/or opposition to TUC and Government policy in each union, and the limits placed on relative union leadership discretion to participate in TUC policy-making by the political and industrial processes and organizational structure of each union.

The research has involved a variety of sources and methods. First, there has been an attempt to draw on and link the diverse areas of the industrial relations literature which are concerned with the relationship between trade unions and incomes policies. These include the separate literatures on incomes policy, on the link between trade unions and the Labour Party and Labour governments, on trade union government and the sociology of trade union organizations, and on the debate over 'corporatist' types of arrangements between trade unions and the state. Secondly, the research has involved the use of a wide range of primary and secondary trade union and political documentary sources on this period of history through the 1970s. Finally, the detailed case studies of the six sample unions have involved both primary documentary materials and extensive interviewing. Thus, the materials collected for the study constitute a unique source on different approaches to the 1970s pay policies, on their industrial impact and the political processes that they engendered within individual unions, and on the broader relations between British trade unions and the state during this period.

The theoretical contribution of the study is primarily exploratory in nature. It identifies the constraints to which national union leaderships are subject when they engage or attempt to engage in macro-economic and political exchanges with the state. Such constraints are explored in an examination of the upwards and downwards mediations that occur within trade unions as illustrated by the variations within and between trade unions in the mobilization of consent and opposition to the Social Contract incomes policies. This analysis informs debates about the limits and/or viability of other corporatist or 'Social Contract' types of arrangements. It also investigates the organizational implications of voluntary incomes policies and compares the internal political processes and industrial practices of British trade unions: at the level of the TUC as a whole, within individual affiliates and, in particular, in the articulations between TUC and individual union policy-making and bargaining behaviour.

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KEY TO ABBREVIATIONS

ACAS	Advisory Conciliation and Arbitration Service.
ACTT	Association of Cinematograph, Television and Allied Technicians.
AEF	Amalgamated Union of Engineering and Foundry Workers. This union was the result of a 1967 merger between the Amalgamated Engineering Union (AEU) and the Amalgamated Union of Foundry Workers (AUFW). See also AUEW.
AEU	Amalgamated Engineering Union, formerly Amalgamated Society of Engineers (ASE). See also AEF.
APEX	Association of Professional, Executive, Clerical and Computer Staff.
AScW	Association of Scientific Workers. See also ASTMS.
ASE	Amalgamated Society of Engineers.
ASLEF	Associated Society of Locomotive Engineers and Firemen.
ASSET	Association of Supervisory Staffs, Executives and Technicians. See also ASTMS.
ASTMS	Association of Scientific, Technical and Managerial Staffs. This union was the result of a merger in 1968 between the Association of Scientific Workers (AScW) the Association of Supervisory Staffs, Executives and Technicians (ASSET).
AUEW	Amalgamated Union of Engineering Workers. This union resulted from the merger of the Amalgamated Engineering and Foundry Workers' Union (AEF), the Constructional Engineering Union (CEU) and the Draughtsmen's and Allied Technician's Association. The AUEW consists of four sections: engineering, construction, foundry and technical and supervisory (TASS). Throughout the period of this study the four sections remained largely autonomous. The designation AUEW generally refers to the engineering section, except where the context makes explicit reference to the four sections.

AUEW(E)	Engineering Section of the Amalgamated Union of Engineering Workers.
CBI	Confederation of British Industry.
CPSA	Civil and Public Service's Association.
CSEU	Confederation of Shipbuilding and Engineering Unions.
DATA	Draughtsmen's and Allied Technicians' Association See also TASS.
EEC	European Economic Community.
EEF	Engineering Employers Federation.
EETPU	Electrical, Electronic, Telecommunication and Plumbing Union.
FBU	Fire Brigades' Union.
F&GPC	Finance and General Purposes Committee
GDP	Gross Domestic Product
GMWU	General and Municipal Workers Union (formerly National Union of General and Municipal Workers Union (NUGMWU). The GMWU merged with the Amalgamated Society of Boilermakers Shipwrights and Structural Workers (ASB) in 1982 to form the General, Municipal, Boilermakers and Allied Trades Union (GMBATU). The designation GMWU is used in this study as the merger did not take place until after the end of the period under review.
IMF	International Monetary Fund.
NAFO	National Association of Fire Officers.
NALGO	National Association of Local Government Officers.
NBPI	National Board for Prices and Incomes.
NEB	National Enterprise Board.
NEC	National Executive Committee (Labour Party).
NEDC	National Economic Development Council.
NGA	National Graphical Association.
NHS	National Health Service.
NIRC	National Industrial Relations Court.
NJICs	National Joint Industrial Councils.

NUFLAT	National Union of Footwear, Leather and Allied Trades.
NUM	National Union of Mineworkers.
NUPE	National Union of Public Employees.
NUR	National Union of Railwaymen.
NUS	National Union of Seamen.
NUT	National Union of Teachers.
OECD	Organization for Economic Cooperation and Development.
OPEC	Oil Producing and Exporting Countries.
PBR	Payment-by-Results
PLP	Parliamentary Labour Party.
POEU	Post Office Engineering Union.
PSBR	Public Sector Borrowing Requirement.
SCS	Society of Civil Servants
SOC	Standing Orders Committee
TASS	Technical, Administrative and Supervisory Section of the AUEW. See also AUEW.
TGWU	Transport and General Workers' Union.
TUC	Trades Union Congress
UCATT	Union of Construction, Allied Trades and Technicians
UPW	Union of Post Office Workers
USDAW	Union of Shop, Distributive and Allied Workers

PREFACE

A PhD thesis is invariably a great accumulation of debts acquired as a student, researcher, colleague and friend. This thesis is no exception. I arrived in Britain in the final stages of the Social Contract period knowing almost nothing about British industrial relations. What little I manage to convey in the following pages is the product of considerable support from numerous individuals and organizations.

First, this work would not have been possible without the cooperation and interest of a great many trade unionists and their organizations. They have been singularly generous with their most precious commodities: time and experience. The list of individuals is simply too long to thank. An acknowledgement might at least be extended to their organizations: ASTMS, the AUEW, the FBU, the GMWU, NALGO, NUFLAT, NUPE, the TGWU and the TUC. Individuals in the Department of Employment, the CBI and the Labour Party have also been very helpful with special mention of the invaluable cooperation of the press cuttings section of the Labour Party Library. Mr. J. Wybrow of Gallup Social Surveys Ltd. very kindly provided me with unpublished polling data.

The Industrial Relations Group and the ESRC Industrial Relations Research Unit in the School of Industrial and Business Studies at the

University of Warwick have proved a rich source of knowledge on industrial relations theory and practice. All of the research, teaching, administrative and clerical staff in the IR Group and the IRRU have in some way contributed to the research and I thank them. In particular, Professors Bain, Brown and Clegg greatly facilitated research access as well as made many substantive contributions. Richard Hyman has made detailed and penetrating comments at almost every stage of the work. Thanks also for the criticisms and support of Tony Giles, Peter Nolan and many other participants in the PhD workshops. The staff of the Modern Records Centre and John Bennett, the Industrial Relations Librarian, have provided much documentary assistance. In the early stages, Mark Bray, Mick Carpenter, Joe England, Austen Morgan and Roger Undy provided many valuable leads for the collection of data.

The material support of a Commonwealth Scholarship from the Association of Commonwealth Universities and, later, employment with both the Industrial Relations Research Unit and the Faculty of Management at McGill University have allowed me to pursue this project over a sustained period of time.

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It should be emphasized that I have benefited greatly from a close collaboration with Mr. Harry Urwin in the context of an ESRC project in the Industrial Relations Research Unit at Warwick. The research for the dissertation was completed before our project began and Harry Urwin bears no responsibility whatsoever for any views expressed in the following pages, but my collaboration with him has greatly enhanced my understanding of British trade unionism.

David Winchester assumed responsibility for the supervision of this thesis late in my first year at Warwick when Hugh Clegg went to work with the Comparability Commission. David has served well beyond the call of duty. His comments and untiring support distinguish him as both a friend and a truly great supervisor.

Finally, Huyen Chau, to whom this effort is dedicated, has put up with a great deal to see it through. She has commented and worked on it, travelled and lived with it for too many years. For her constant help and friendship, I cannot thank her enough.

For all of the support, advice and interest expressed during the course of the project, I remain profoundly grateful. I hope that those who have contributed in some way to this effort will demonstrate the same forbearance and generosity when they encounter any errors or differences of interpretation for which I remain uniquely responsible.

CHAPTER 1

INTRODUCTION

This is a study of the trade union role in the Social Contract incomes policies in Britain in the 1970s. It specifically focuses on the interrelations between the policy-making of the Trades Union Congress (TUC) and six of its major affiliates. It is argued that an understanding of voluntary incomes policies must be grounded in the analysis of internal union policy-making which determines the relative discretion available to national trade union leaders to engage in macro-economic and political exchanges with the state. This introductory chapter attempts to establish the basis of such an approach and outlines the research design. The chapter is divided into three main parts. The first explores the research problem. The second examines the research strategy detailing the settings of the research, the research process and various methodological considerations. Finally, the third part outlines the organization of the results.

THE RESEARCH PROBLEM

The relationship between trade unions and incomes policies has emerged as possibly the pre-eminent industrial relations 'problem' for state policy makers in the United Kingdom since the Second World

War. This study is about that relationship. Why has incomes policy been such a problem in Britain? The response is two-fold. First, because of chronic economic problems, policy-makers have repeatedly attempted to implement policies designed to restrain wages and reduce levels of price inflation. Secondly, however, these policies have demonstrated a marked propensity to breakdown. The demise of these policies has frequently been attributed either to an outright trade union hostility to their implementation or to a withdrawal of the cooperation that had previously been forthcoming.

The incomes policy experience in Britain, therefore, might be understood in the light of both the structure and performance of the economy and the relative willingness of trade unions either to cooperate or acquiesce in such policies. This study focuses on this latter dimension of the British incomes policy experience. This section will attempt briefly to place both in perspective. It first looks at the possible range of state intervention in the labour market and locates the British experience in the context of the range of comparable international experience. It then outlines the essential elements of the British experience, particularly the problematic nature of the trade union role therein. Finally, drawing on the relevant literature, it attempts to identify key questions for theoretical and empirical investigation.

State Intervention in the Labour Market

Incomes policies should be understood as a form of state intervention in the labour market. The state is invariably present in the labour market (for a theoretical and empirical account of the role of the state in the labour market, particularly the capitalistic

labour market, see Hyman, 1975; Crouch, 1977; Strinati, 1979; Giles, 1985). This presence assumes a variety of forms, but it can be argued that the state affects both the form of labour market interactions and their outcomes. Firstly, it affects the form and character of labour market interactions: through legal regulation of individual and collective employment relations; through the promotion or legislation of schemes such as industrial democracy, 'concerted action', and quality of working life; and through exhortive or advisory bodies such as voluntary conciliation services, agencies to promote workplace reform and bodies intended to influence the direction of public opinion on labour market issues. Secondly, state agencies or governments also intervene directly or indirectly to establish the range of acceptable labour market outcomes, particularly the nominal and/or real price at which labour power is exchanged in the labour market. The general framework of state economic policy such as relative levels of demand and fiscal policy, of course, affects the pattern of labour market outcomes. More direct intervention includes the definition of minimum terms and conditions for labour market exchanges. In periods of incessant inflationary pressures and increased international competition, governments have also sought to influence directly and indirectly the real price or the rate of increase in the price of labour market exchanges. Such intervention is generally called incomes or wages or pay policy.

Incomes policies have been a central component of state economic policy in a variety of advanced capitalist nations since the Second World War (see, i.e., Shonfield, 1965). Such policies have

occasionally been designed for their redistributive effect - a veritable supplement to fiscal policy. More typically, they have been concerned with reducing the level of nominal wage increases, sometimes to effect reductions in real wages and sometimes to maintain real wage increases at a level equivalent to or less than the rate of productivity growth. However, the rationale, design and institutional arrangements of such policies have been highly differentiated both by country and over time (see, i.e., Braun, 1975; Flanagan et al., 1983; von Beyme, 1980: 256-285). The state might, for instance, define in law permissible limits on wage increases as in the case of statutory wage controls. Alternatively, state agencies or government departments might seek to encourage a range of outcomes through recommended norms or voluntary guidelines. However, exhortation and advice have been generally ineffective without the support of other political or industrial influence. Thus, policies directed at achieving specified labour market outcomes on a voluntary or consensual basis typically operate through direct political mediations with representative organizations of employees or employers which, in turn, influence the behaviour of their constituent members. Incomes policies have generally assumed some variation of these two forms: either directly administered by the state or voluntarily by representative labour market organizations.

Governments have frequently attempted to influence labour market behaviour through political mediations with particular employers, unions and industrial sectors. The case of their own employees in the public sector has often proved irresistible as an instrument or example of wider policy objectives, especially in more recent years of public expenditure restraint. A wage policy targeted on a

particular sector, employer or union is sometimes practicable without the support of a broader tripartite or bipartite agreement if the state can exert a particularly strong influence on that sector or rely on the cooperation of the employer or the union. However, equality of sacrifice appears to be an important normative dimension for voluntary participation in a wage policies (see, i.e., Barbara Wootton, 1955: 161-190). Moreover, incomes policies are often targeted at a broader range of labour market exchanges. Therefore, central union confederations and employers' organizations, either through tripartite or bipartite arrangements, are a more typical vehicle for voluntary agreements on wage restraint.

The problem with such agreements, however, even where they are obtainable, is the degree to which such representative organizations are capable of translating policy support into actual industrial practice. Where central trade union and employer organizations enjoy a high degree of power and authority over affiliated organizations, largely a by-product of both bargaining structure (see Clegg, 1976b) and the absence of competing confederations organized on the basis of political affiliation, the move from centralized policy-making to industrial practice has been more clearly articulated and less problematic. Where prevailing institutional arrangements do not correspond to this pattern, as in the case of British bargaining structure, such forms of administered state intervention in the labour market have proved less durable. Before exploring the British experience of incomes policies in greater detail, the next section first places it in the context of international experience.

International Patterns

At the risk of oversimplifying complex national patterns, the experience of incomes policies in advanced capitalist nations in the post-war period might be divided into three broad groups. First, there are a number of economies which have operated some form of incomes policy on a more or less continuous basis over most of the post-war period. Secondly, there are those countries which have adopted incomes policies on a temporary or exceptional basis, but otherwise either relied on other forms of market intervention or adopted a laissez-faire approach to labour market outcomes. Finally, there are countries which for a variety of institutional and political reasons have usually avoided recourse to a formal incomes policy as a central component of their anti-inflation strategies but have, instead, exercised some other form of influence on nominal or real wage increases and their relative distribution. Of course, many states have altered the direction of their policies over the post-war period or simultaneously explored more than one of the above options.

A number of Western European countries with relatively centralized bargaining arrangements, a single or dominant trade union confederation, a predominant central employers' organization, and fairly elaborate consultative systems, often accompanied by a dominant social democratic political party, have generally succeeded in the almost continuous operation of some form of wage guidelines. In Austria and Norway, for example, this has been accomplished through a formal tripartite system and direct state intervention in wage bargaining. In Sweden, there was bipartite cooperation between the central union and employer organizations which sustained the former's commitment to an egalitarian 'wages solidarity' policy. In

recent years, however, the stability of this arrangement has been undermined by the increasing influence of other trade union confederations, the problem of public sector pay relativities and some decentralization in the structure of bargaining. In Germany, there has been a mixture of more informal employer cooperation and tripartite consultation or 'concertation' over the general direction of economic policy; although there have been few attempts at direct government intervention and the central union organization, the DGB, has retained a consistent opposition to formal incomes policies. These countries have been judged as fairly successful in the implementation of more or less permanent pay policies (see, i.e., Anderson and Turner, 1980: 33-34; Clegg, 1976b; on the case of Sweden, see Korpi and Shalev, 1979). The experience of 'guided wage policy' in the Netherlands resembled the pattern demonstrated by the examples of 'permanent' policies listed above, but the apparent consensus broke down in the 1960s (see Flanagan et al., 1983: 83-154). Notably, both employer and trade union representation in Holland were divided among competing organizations and these divisions, in the face of increasing external and internal economic pressures, seemed to be an important factor in the subsequent inability to generate much consensus on wage questions.

A second group of countries has periodically opted to implement either voluntary or statutory wage policies for a limited time period. In Canada and the United States, for example, unions and employers have often been less than enthusiastic in their response to such policies. The highly fragmented nature of both the collective bargaining system and of employer and union organizations and the

legal compulsion characteristic of their collective bargaining relations have meant that the tight or hard phases of these policies have tended to be administered through complex, bureaucratic intervention rather than through any voluntary self-administration by employers and union organizations. These policies were generally intended to tackle immediate inflationary problems through the adjustment of wage expectations rather than to resolve the permanent problems of pattern bargaining, relativities and differentials. In contrast with the previous group, these countries possessed relatively fragmented bargaining arrangements and less developed systems of consultation.

A third type of incomes policy experience consists of those countries which have developed alternative, often administrative, systems to the use of formal wage guidelines, however informally administered. Australia and New Zealand, for instance, have systems of compulsory arbitration which play a significant role in the determination of money wage increases and can be used as a vehicle for anti-inflation policy (see Clegg, 1976b: 113). Governments in France and Italy, on the other hand, have found it difficult to sustain any political consensus on wage issues. Like the second group of countries mentioned above, they have occasionally opted for temporary wage freezes but they have also explored depoliticized, administrative solutions to distributional problems. In France, price guidelines have generally been the central component of anti-inflation policy but many wage differentials follow from the regulation of minimum wage levels (see Flanagan et al., 1983; Clegg, 1976b: 114). The Italian system has seen the development of an automatic wage indexation system, the scala mobile, in many of its

national level negotiations (see, i.e., Lange et al., 1982).

British policy-makers have perhaps aspired to emulate the experience of the first group of countries, but the actual policy experience has more closely reflected the temporary or exceptional character of the second group. Certainly the British experience contrasts markedly with the success of the first group in establishing more or less permanent wage policies or coordinated bargaining in the post-war period. It is, therefore, more like the second group's mixed experience with temporary policies. However, it differs from this latter group because for much of the post-war period it has had virtually a permanent succession of temporary policies. Economic pressures for the implementation of pay policies have been almost constant, but the policies have repeatedly broken down in the face of union hostility and the related industrial pressures arising from an increasingly decentralized system of collective bargaining. This experience has given rise to the notion of an incomes policy 'problem' in Britain.

The Incomes Policy Problem in Britain

The post-war British economy has reflected its imperial legacy as both a mercantile and industrial power importing raw materials and exporting manufactured goods and financial services, albeit on a scale of decreasing importance in the overall world economy. Thus, it has remained highly oriented to international trade. Like many other advanced capitalist economies, sharing an implicit or explicit 'post-war settlement' with a relatively powerful labour movement, economic policy has, at least until the mid-1970s, generally been committed to the maintenance of high enough levels of demand to

achieve some approximation of full employment. However, marked by comparatively slower rates of growth, higher rates of price inflation, and lower levels of productivity and investment than its principal competitors in Western Europe and North America, the British economy has been subject to chronic balance of payments problems (see, i.e., Caves et al., 1968). Even under flexible exchange rates, the pound sterling has been highly vulnerable to periodic currency crises. This vulnerability has no doubt been exacerbated by a banking and financial system strongly oriented to servicing the international financial system and hence committed to stability in the value of sterling, preferably at a high level (see Longstreth, 1979; Milner, 1980; Minns, 1981). Thus, domestic economic policies have frequently had to be adjusted in the light of balance of payments problems and external pressures on the value of the pound. Although the exploitation of North Sea oil resources in the 1980s has slightly improved the balance of payments and, for a while, alleviated some of the pressure on the exchange rate, the continuing fluctuations in the value of the pound, problems with the international competitiveness of the manufacturing sector, the prospect that the oil revenues might diminish rapidly over the coming decades, and a continued underlying weak economic performance all suggest that domestic economic policy continues to display a particular vulnerability to external pressures (see, i.e., Caves and Krause, 1980). Thus, in order to improve relative economic performance and international competitiveness, bolster foreign confidence, and reduce the external pressures on the pound, British governments have almost continuously focused their policy efforts on

a reduction in the level of inflation. This has led to the implementation of a variety of wage policies and price guidelines.

The relative merits of incomes policy as a counter-inflationary device and a credible instrument of economic policy have been the source of enduring controversy. Economists are divided over both the utility and real impact of such policies (see Davies, 1983). In line with what has generally been labelled the 'Keynesian approach', many economists and politicians have argued that incomes policies were necessarily a permanent feature of the post-war, full employment economy. The problem, it was argued, was that full employment inevitably generated wage cost pressures. If governments wished, therefore, to pursue positive demand policies to this end, without engendering recurring balance of payments and competitiveness problems, then money wage increases had to be kept below the level of price inflation and real wage increases in line with the rate of increase in growth and productivity. Incomes policy, therefore, was essential for the successful operation of this social democratic economic equation. Beveridge (1944) outlined this problem in his end of war report on the implications of full employment and it has been reiterated and re-emphasized by a wide variety of authors (see, i.e., Balogh, 1970b; Shonfield, 1965; also Chapter 2). Thus, even before the dramatic increase in the rate of inflation in most Western economies in the 1970s, Okun (1970: 130) suggested that the 'task of combining prosperity with price stability now stands as the major unresolved problem of aggregative economic performance'. In opposition to the advocates of pay policy, neo-classical economists have argued against this type of state intervention in the labour market. They have maintained that the rate of inflation is derived

from increases in the money supply and attempts by governments to set norms for wage increases simply distort market forces (see, i.e., Brittan and Lilley, 1977). Even among the proponents of incomes policies, there are significant differences. Some have argued that they can exert an important, albeit temporary, effect. Others have suggested that many of the temporary benefits are quickly lost as wages, prices and even the level of industrial conflict spiral upwards after the relaxation or breakdown of the policy (see, i.e., Henry and Omerod, 1978; Davies, 1979). Therefore, many have argued that only a permanent or longer-term policy would be beneficial for economic performance.

Whatever their theoretical or empirical merits, incomes policies have become a permanent feature of state economic policy in Britain. This is because both short-term performance and longer-term structural factors have pushed economic policy-makers in that direction. Even when such policies did not result in tangible benefits, they were often reassuring to both politicians and the public (on 'expressive' or symbolic as opposed to 'instrumental' political acts and their pertinence to wage and price decisions, see Edelman and Flemming, 1965). These policies have differed in degree and detail, been both statutory and voluntary, and of longer and shorter duration (see Clegg, 1982; Panitch, 1976; Turner and Wilkinson, 1975; Towers, 1978). They have all, however, shared a common demise. Successive governments from the early 1950s to the late 1970s have met electoral defeat which was, at least in part, associated with the collapse of such policies: Attlee in 1951, Macmillan in 1964, Wilson in 1970, Heath in 1974 and Callaghan in

1979. In each case, the withdrawal of union cooperation or acquiescence in the implementation of the policy appeared to play an important role in its demise. Thus, British incomes policies have been characterized by a cycle of construction, disillusionment, breakdown and eventual reconstruction, though generally under the auspices of a different government.

British state intervention in the labour market has had to contend with the highly decentralized and fragmented character of wage bargaining; what Flanders memorably described in his evidence to the Donovan Commission as 'largely informal, largely fragmented and largely autonomous' (Donovan, 1968: 18). Statutory norms, generally administered centrally by a state agency, encountered myriad problems in such a diffuse bargaining system. Traditional wage differentials and relativities were disturbed by the quite uneven impact of such policies. They also seemed unable to contain workplace wage drift (see Clegg, 1971). Statutory policies were, moreover, the object of unremitting hostility from a trade union movement which seemed to place legal abstentionism or the absence of statutory intervention above all other priorities (see, i.e., TUC, 1966 and 1968b; also Dorfman, 1973; Crouch, 1977). Autonomy from the general legal regulation of collective bargaining along with the notion of 'free collective bargaining', often including the absence of even voluntary restraint, have together constituted one of the key ideological dimensions of British trade unionism. British employers have perhaps demonstrated less principled objection to statutory policies. Indeed, they have sometimes lobbied for such policies. Otherwise, they have generally been willing to acquiesce in, if not support, both statutory and voluntary policies provided that the economic

circumstances merited it, that they appeared to work and that there was sufficient allowance for an adequate return on capital. However, the British employers' organization, the Confederation of British Industry (CBI), dates only from the 1960s as a unified, central employers' confederation and its powers over its constituent members are extremely limited (see Clegg, 1979: 338-344). Its cooperation could not, therefore, necessarily guarantee the success of any policy of voluntary employer restraint, particularly in the face of union hostility to such a policy.

Thus, the cooperation of trade unions in a politically mediated, voluntary policy has often been a central objective of state policy - if only because such policies were at least temporarily more acceptable to many British trade unionists and had 'expressive' or symbolic value for political leaders. Conservative governments have been unsuccessful in their attempts to gain trade union cooperation in voluntary incomes policies. They have, therefore, had to contend with all of the problems associated with direct statutory intervention. Labour governments have been much more successful in securing a degree of trade union cooperation in voluntary wage restraint policies. This has no doubt been related to the high degree of loyalty that Labour governments could command from trade union leaders and activists (see Panitch, 1976). Voluntary policies have been relatively effective over the short-term with either trade union acquiescence or support. However, they have collapsed more or less quickly when unions have withdrawn that support. Thus, the trade union role has been central to the cycle of incomes policy performance in Britain.

Politically mediated, voluntary incomes policies depend in large part on the articulation between centralized policy-making and industrial practice. In the British case, this link has proved highly problematic. Although the central trade union organization, the TUC, was one of the first national trade union centres, its limited powers over its affiliates reflects the historical legacy of complex patterns of multi-unionism and the structure of industry in which these evolved (see Winchester, 1979; Clark et al., 1980; Ross Martin, 1980). This, in turn, has created a certain political terrain in which the TUC leadership operated - intermediaries between decentralized union industrial practice and state attempts to influence the direction and character of that practice. This has placed a premium on political mediations particularly, as in the case of successive incomes policies, through the vehicle of the Labour Party.

This definition of a political and industrial terrain on which TUC leaders operated must be understood in terms of the organization's historical development. There has long prevailed an ethos within the TUC that trade unions should participate fully in the economic and political life of the nation as an equal partner to capital and government. This vision of trade unionism as a partner in government, rather than an alternative government, emerged predominant within the TUC in the post-World War One period when a Government, anxious of the political implications of industrial militancy, expressed its willingness to recognize the political legitimacy of official trade unionism (see Middlemas, 1979). During this same period, rising levels of unemployment rendered syndicalist notions of 'direct action' to alter state policies increasingly less

viable (see Allen, 1960: 301). This change in political emphasis was further consolidated in the aftermath of the 1926 General Strike and into the depression of the 1930s when revolutionary, transformative strategies ill-suited a much weakened trade union movement. It received a further impetus during the Second World War through the implementation of an elaborate system of consultation on the war-time economy and the elevation of a major trade union figure, the leader of the largest union, Ernest Bevin, to one of the leading Cabinet posts in the all-party Government.

The developments of the Second World War were seen by many trade union leaders as the concrete realization of what might be called a 'representational' strategy. The claim of national trade union leaders to represent trade unionists as industrial citizens in the political sphere was at last recognized. Trade unionism, thus, constituted a new and distinctive 'estate of the realm' from which there could be no return. This predominant mould of post-World War Two 'consensus politics' was underpinned by a state commitment to relatively full employment and symbolized by continuing consultation with the TUC on a wide range of issues (see Beer, 1969; Panitch, 1976; Urwin and Murray, 1982). Thus, it seemed, in keeping with the vision of Milne-Bailey (1934: 383), head of the TUC Economic Department during the 1930s and an influential advocate of a representational strategy for the TUC, that trade unions were finally finding their place in the 'economic life and institutions of the community'.

The problem for successive generations of TUC leadership in the post-war period has been how to marry this representative vision with

the more diffuse realities of a fragmented and decentralized labour movement operating in an equally fragmented and decentralized system of bargaining and, seemingly, united only in its opposition to any form of state intervention that might encroach on the autonomy and independence of trade union organizations. Certainly numerous authors have identified the high priority accorded to legal abstentionism by British trade unions (see, i.e., Lewis, 1976; Currie, 1979). This priority, moreover, was vehemently reaffirmed in the hostility of the TUC to attempts by first the Wilson and then the Heath Governments to take a much more interventionist role in labour relations in the 1960s and early 1970s (see Chapters 2 and 3). In the TUC's written evidence to the Donovan Commission in the 1960s, for instance, it was argued that the state should perform complementary rather than alternative functions to trade unions. Alternative functions were those that might 'detract from the independence of the trade union movement' and the misgivings about prices and incomes policies were linked to the fact that they often involved such alternative functions (see TUC, 1968b: 140-142; also TUC, 1966). However, it appeared that the increasing role of the state in the management of the post-war economy often made it difficult to distinguish between 'complementary' and 'alternative' functions.

While according such a priority to legal abstentionism, particularly in the area of wage bargaining, the TUC has nonetheless been increasingly concerned to influence the direction of state economic policy. TUC leaders in the post-war period have indicated a qualified willingness to contemplate some forms of voluntary wage planning as part of a broader economic package. One of the central

contradictions of TUC policy practice, however, has been between leadership willingness to contemplate the role of wages in the overall process of economic planning and the reluctance of many of its key affiliates to surrender any autonomy over their bargaining authority. TUC leaders have, thus, opposed statutory wage policies but demonstrated a willingness to consider voluntary policies that did not impinge on the autonomy of individual affiliates to lend their consent to such exercises. This has meant that the external dynamics of incomes policies, in particular the relations between the TUC and governments, have constantly been subject to the internal policy process of the TUC and, in turn, the policy processes and industrial practice of key affiliates; what might be called the internal dynamics of incomes policy. This study is centrally concerned with the interconnections between these internal and external dynamics of incomes policies. The next section focuses more specifically on key questions for theoretical and empirical investigation.

The External and Internal Dynamics of Incomes Policy

Panitch (1976: 3) has aptly described voluntary incomes policy as an integrative exercise without peer. The potential for such an exercise, however, is clearly limited. It can be argued that in the British case these limits are primarily internally determined through the political and industrial processes of the participating trade union organizations. Trade union policy-making on voluntary incomes policies seems to confirm such an interpretation. Policies are generally initiated at the level of the TUC General Council or, more typically, within its subcommittees or, indeed, among key union

leaders and TUC staff within those subcommittees. In the case of incomes policies, such policy developments are often in response to prior government policy initiatives. After detailed discussion of a particular policy initiative within the relevant subcommittee of the General Council, key TUC leaders will then attempt to forge a rough consensus at the level of the entire General Council which might subsequently be translated into affiliate practice. This is the critical link - what has so frequently highlighted the ascendancy of centrifugal forces within the TUC. Ironically, it is precisely the enduring and problematic nature of decentralized trade union practice that, nonetheless, makes even the TUC's limited central powers an attractive vehicle for governments and other external agents to attempt to influence the direction and character of trade union industrial practice.

Certainly a number of authors have pointed to the critical importance of the internal cohesion and authority of the organizations involved in such macro-economic bargains. In particular, Corina (1967: 305) identified 'the tolerance limits of union cohesion' as one of the principal factors in the operation of the 1948-1951 voluntary policies. In his important study of the 1964-1970 Labour Government incomes policy experience in Britain, Panitch (1976: 248) highlighted to what degree the Government had 'to fall back on the TUC's ability and willingness to control its members'. Thus, he pointed to the 'high degree of instability' characteristic of the quasi-corporatist project in which trade unions were to act as agencies of social control over their members (ibid.: 246). He attributed this to the contradiction between the integrative

ideologies displayed by the Labour Party to its working class base. Yet, notwithstanding this contradiction, the greater degree of stability exhibited by incomes policies in some other countries would seem to suggest that institutional arrangements such as bargaining and union structure are also an important factor in the relative durability of wage policies. Certainly, a number of the 'neo-corporatist' theorists have highlighted the internal stresses placed on union organizations participating in voluntary incomes policies and other corporatist types of arrangements (see Sabel, 1981; Panitch, 1981; Streeck, 1981 and 1982; Regini, 1982; and Alexis, 1983). Their work clearly points to the need for a more systematic understanding of the reciprocal relations between internal union dynamics and tripartite or quasi-corporate arrangements. Pizzorno (1978a and b), in particular, has highlighted the need for a better understanding of exchange relationships between unions and the state and their implications for leadership-membership intra-organizational relations. Similarly, Lange et al. (1982: 218-219) have argued for an 'actor-centred' analysis of trade unions as institutions which might best be understood 'as systems of mediation and regularized exchange' in market and political arenas.

Thus, the relationship between trade union leaders and their members would seem to be central to an understanding of trade unions' macro-economic and political roles. This is particularly true in the case of voluntary incomes policies when two often discrete areas of trade union practice - policy-making and industrial practice - are necessarily brought into closer relation. A decision to participate in a voluntary incomes policy is generally made in union policy-making channels. However, it is directly experienced in the realm of

union industrial practice which, in many unions, concerns a quite separate channel of decision-making. There are, however, few systematic attempts to explore the articulations between union industrial practice and union policy-making. Much of the literature on trade unions has been dominated by a concern with internal democracy to the detriment of any understanding of actual policy and industrial behaviour - as if trade union organizations were exclusively concerned with the pursuit of democratic practice rather than the organization of wage earners in specific industrial settings.

An important exception to this prevailing tendency was the study by Arthur Ross (1948). He suggested that a trade union was 'a political agency operating in an economic environment', 'a political instrumentality' (ibid.: 12 and 74). He argued, therefore, that in order to understand union wage policy it was necessary to look at both internal and external pressures in the organization. 'These pressures emanate from the complex of political relationships surrounding the officials; relationships with the rank and file, with the employers, with other organizational levels of the union, with the rest of the labour movement, and with the government' (ibid.: 48). Such an approach highlights the need to examine the diverse interests of different groups within the membership as well as external to it and the nature of the political mechanisms by which those interests are expressed.

More recently, Hyman (1975: 87-93) has argued that the specific organizational interest of trade unions lies in the dynamic between internal and external power relations. It can be argued that

this approach is especially fruitful in the case of trade unions and incomes policies. In terms of voluntary incomes policies, for instance, governments, as external agents, are interested in trade unions as intermediary organizations because of their internal power, i.e., their ability within limits to influence the industrial behaviour of their members. Thus, the internal dynamics of union organizations assume a particular significance for any broader understanding of the experience of voluntary incomes policy. This is especially true since support for pay policies is generally decided in the policy sphere yet experienced in the bargaining sphere. Assent to voluntary incomes policy, therefore, entails a particular link or articulation between union bargaining and policy activities in which union structure and modes of organization become key mediating variables. In an organization such as the TUC with its highly autonomous constituent unions, the experience of incomes policy concerns patterns of articulations at two levels: first, between internal policy-making and industrial behaviour in individual unions and, secondly, between individual affiliate policy-making and industrial behaviour and the larger process of TUC policy-making. These articulations must, of course, be located in the broader political economy of the period as well as, in the case of individual unions, the specific context of particular industries.

In other words, there is a need to develop an understanding of British trade union strategy and behaviour which specifically takes account of the link between the internal and external dynamics of trade union organizations (see Hyman, 1983). It follows that the route to a clearer understanding of the trade union experience with incomes policy in Britain might lie in a more systematic account of

the link between internal union developments and their external environment. This would involve, on the one hand, an understanding of macro-level developments and, on the other, the internal dynamics of union strategy, policy-making, internal government, and industrial practice. In the British case, these relations are further complicated by the relative autonomy of TUC affiliates. Therefore, in order to comprehend the direction of TUC-state relations on a policy issue such as wage restraint, it is essential to focus on the internal dynamics of TUC policy-making, particularly the two-way articulations between the policy processes of key affiliates and the TUC.

It is puzzling, therefore, why there are few if any systematic studies of the particular organizational implications of incomes policy for unions in Britain. Indeed, there do not seem to be any extensive investigations of individual union policies towards pay policy, yet alone the variations between them. Certainly, it is clear that the internal dynamics of incomes policies have impinged on their external dynamics and vice versa. Equally, individual unions do appear to take different policy positions on the role of pay policies. Moreover, given the seemingly inevitable, albeit often highly differentiated, withdrawal of trade union consent for voluntary incomes policies, the processes and structure of British union policy-making would seem to be of singular importance for an understanding of their performance and breakdown. A number of studies have focused on that intermediary role played by the TUC, particularly in its interactions with Labour governments, what might be called the external dimension or dynamics of incomes policies (see

Panitch, 1976; Clark et al., 1980; Crouch, 1977; Minkin, 1974 and 1978b; Tarling and Wilkinson, 1977; Dorfman, 1973). However, the internal dynamics of this process have not been well served in the literature. A number of authors have pointed to the need to examine the internal authority and cohesion of union organizations under conditions of voluntary incomes policies, but there does not appear to have been any systematic attempt to do so. Nor has there been any attempt to explain the variations between individual union organizations on this question.

— This section has argued that the internal policy processes of the TUC and its affiliated unions are central to any understanding of the British experience of incomes policy. However, a number of questions remain either unanswered or unexplored. How, for instance, do individual unions determine their respective approaches to incomes policies? How might these be related to bargaining strategies and industrial practice, membership composition and organizational structure? In turn, by what process does the TUC determine its position on particular pay policies? How, for instance, is the discretion of individual union leaders to participate in TUC policy-making limited by the political and industrial processes and organizational structure of particular unions? Once a policy of wage moderation is agreed at the level of the TUC General Council, how is this then translated into individual affiliate policy-making and industrial practice, if at all? How is consent for such a policy approach mobilized downwards within individual unions? Is individual union policy support or opposition translated into actual industrial practice? And since such policies invariably seem to lead to a withdrawal of TUC policy support, how is opposition to TUC and

Government policy mobilized within individual unions and articulated at the level of individual union and TUC policy-making? It is surprising that so many of these questions remain unanswered when incomes policy continues to figure so prominently on the national political agenda. In an attempt to shed some new light on the role of trade unions in incomes policies, this study focuses on the participation of British trade unions in the Social Contract voluntary incomes policies from 1974 to 1979.

THE RESEARCH STRATEGY

Since this study involves an exploration of both TUC-government negotiations over incomes policies and the policy-making and bargaining behaviour of selected TUC affiliates, the research was conducted at two levels. At a macro-level, it focused on the period of voluntary incomes policies in Britain from 1974 to 1979 with particular attention to the dynamics of trade union-state relations and TUC-Government relations during the construction, implementation and ultimate collapse of these policies. At a micro-level, it investigated the experience of six TUC-affiliated unions within the context of these macro-level developments. In particular, it considered the policy positions of the selected unions looking at the actual impact of the pay policies, the articulations between individual union policy-making and bargaining behaviour, and, most importantly, the linkages between individual union policy-making and practice and TUC policy-making.

The study reflects a number of themes. It charts the process whereby the policies were constructed, implemented and ultimately

collapsed. It particularly focuses on the process of TUC policy-making in the formulation of such policies. It also investigates the organizational consequences of the policies with particular emphasis on the upwards and downwards mediation of policy within individual unions affiliated to the TUC. Thus, it considers the particular constraints to which national trade union leaders are subject when they agree to moderate the bargaining behaviour of their members and suggests some of the determinants of relative leadership discretion in this type of policy situation. This also leads to some analysis of the sources of support for and opposition to incomes policy within various unions affiliated to the TUC. Finally, the research considers the viability of voluntary pay policies under different types of organizational and collective bargaining arrangements.

The remainder of this chapter details the research settings and choice of sample, the research process and related methodological considerations, and the organization of the results.

The Research Settings

Since the study concerns both the experience of the Social Contract incomes policies in general and the specific policy processes and industrial practice of six unions affiliated to the TUC during this period, this section outlines each of the research settings.

The Social Contract Incomes Policies. Some form of incomes policy was operative during most of the 1970s in Britain (see Table A.1, Appendix A). The period from 1974 to 1979 is specifically equated with what were called the 'Social Contract' incomes policies. A new Labour Government was elected in February 1974 pledged to

implement a set of policies which had been negotiated over the previous two years between representatives of the Labour Party and the TUC. This set of policies and the privileged bipartite relationship between the TUC and the Labour Government which it represented came to be known as the Social Contract. The central aspect of this putative 'contract' was a somewhat reluctant willingness on the part of trade union leaders to moderate the industrial behaviour of their organizations in return for the implementation of favourable social and industrial relations policies and a Government commitment to the pursuit of economic growth. As the Labour Government pursued a number of its Social Contract commitments through its first months in office, the TUC agreed that its affiliates would not seek to increase their real standard of living over the 1974-1975 bargaining round. This policy was known as the 'Social Contract Mark I'.

However, in the face of deteriorating economic circumstances, particularly a rapidly accelerating rate of price inflation and severe pressures on the value of the pound in the international currency markets, the Labour Government secured the agreement of the TUC to implement the first of a series of much tighter incomes policies from mid-1975. Given the Government's desire to maintain harmonious relations with the unions and the traditional antipathy of British unions to statutory incomes policies, these pay policies were largely voluntary in design. In order to maintain the Labour Government in office and sustain the principle of the Social Contract, key trade union leaders were persuaded of the necessity of a more rigorous pay policy and played a key role in negotiating their design and delivering the support of, first, the TUC General Council

and, then, affiliated unions. The 'tight' phases of the Social Contract incomes policies lasted three years and were generally acknowledged as being unusually effective. The TUC overtly supported Phases One and Two from 1975 to 1977. As opposition to the effects of these policies grew within a number of unions and the balance between support and opposition altered, however, the TUC supported only some aspects of Phase Three in 1977-1978, though it appeared largely to acquiesce in the implementation of the policy.

When the Government sought to implement a Phase Four policy over the 1978-1979 pay round, however, the TUC moved to a position of outright opposition. Phase Four ultimately collapsed under the strains of a period of industrial strife and a continuing erosion of the Government's ability to secure majority support in Parliament. The attempts by the TUC and the Government to renew their special relationship with the signing of the 'Concordat' in February 1979 must be judged as unconvincing in the eyes of the electorate. The Government was defeated in the general election two months later by a Conservative Party pledged to the restriction of trade union power and the reform of industrial relations law. Thus, the 1974-1979 period presented all of the key elements of the classic cycle of voluntary incomes policy in Britain: construction, disillusion and breakdown. The experience of the Social Contract incomes policies by British trade unions and the gradual withdrawal of TUC support for the policies, therefore, raises all of the questions posed in the outline of the research problem and serves as the macro-level focus of this study.

The Sample Unions. This study has, more particularly,

concentrated on the experience of selected British unions during the 1970s. It has investigated the anatomy of their different approaches to the various Phases of the Social Contract incomes policies, particularly the mobilization of consent and/or opposition within the unions to TUC and Government policy. These six unions - hereafter referred to as the 'sample unions' - are the Amalgamated Union of Engineering Workers (Engineering Section) or AUEW, the Association of Technical, Scientific and Managerial Staffs or ASTMS, the Fire Brigades Union or FBU, the General and Municipal Workers' Union or GMWU, the National Union of Public Employees or NUPE, and the Transport and General Workers' Union or TGWU.

The sample is stratified and the choice of the individual unions was based on several criteria. First, in order to explore some of the differences between union experiences under incomes policies, it was intended that they should reflect a diversity of organizational structures and membership coverage. Secondly, in order to shed some light on the nature of the TUC policy-making process, it was preferable that they be relatively well integrated into that process. Thirdly, in order to identify key variations between the sample unions, it was necessary to include a variety of policy approaches to the different phases of the Social Contract incomes policies. Finally, given the sometimes sensitive nature of information required from each union organization, there had to be some degree of research access, at least, in each case. The choice of the sample unions in relation to each of these criteria is discussed below.

Table 1.1 gives an overview of the organizational structure and

membership coverage of the sample unions. In terms of their broad membership coverage, the sample unions might be classified as either general, semi-industrial or industrial types of unions. In the case of the complex organizational development and hybrid permutations of British union organizations, however, such classifications can obscure almost as much as they inform. ASTMS, the GMWU and TGWU might all be described as general unions inasmuch as they organized among a wide variety of occupations in many different sectors. However, ASTMS was a white-collar general union, whereas the GMWU and TGWU conformed to the classic conception of the general union which organized primarily among the unskilled and semi-skilled across most industries in both the public and private sectors. The AUEW and NUPE might both be classed as semi-industrial unions inasmuch as they organized primarily in one industry or sector and among a variety of occupations or grades. Indeed, both union organizations have traditionally aspired to organize their entire sector, the engineering industry in the case of the AUEW and local authority and health service manual workers in the case of NUPE. However, both unions, in fact, operated in multi-union bargaining contexts with a fairly high degree of competition for members. The AUEW developed primarily as a craft organization and only later extended its ranks to the less skilled. The craft or 'section 1' members continued to predominate in most decision-making bodies within the union and the craft ethos was sufficiently strong that some still viewed it as a craft union. NUPE's pattern of growth had been sustained largely by its low-paid membership. Its policy orientations have reflected this composition of membership. Thus, in each case, their policy choices tended to be coloured as much by their respective skill profiles as

TABLE 1.1
SUMMARY PROFILE OF THE SAMPLE UNIONS

UNION	TYPE OF UNION	NATURE OF MEMBERSHIP		BARGAINING STRUCTURE	POLICY STRUCTURE
		Job Territory	Sectoral Coverage		
AUEW(E)	semi- industrial	<u>skilled</u> & semi- skilled manual	mainly private, some public	two-tier, mainly decentralized	single channel
ASTMS	general	white-collar tech- nical, supervisory & clerical	mainly private, some public	decentralized	dual channel
FBU	industrial	semi-skilled manual	public	centralized	single channel
GMWU	general	un- & semi- skilled manual	private, & public	centralized & decentralized	dual channel
NUPE	semi- industrial	un- & semi- skilled manual	public	centralized	single channel
TGWU	general	un- & semi- skilled manual	mainly private, some public	centralized & decentralized	dual channel

their sectoral location. The remaining sample union, the FBU, was a good illustration of an industrial union. Its members are all in the fire service and the great majority are covered by a single national agreement. Thus, the sample unions reflected a variety of organizational types, a range of industrial sectors, and various grades of workers from the unskilled to the highly skilled and white-collar occupations. In this sense, they should serve as a reasonably representative sample of the impact of pay policies.

The bargaining and policy structures of the sample unions will be considered in some detail in Chapter 4. Table 1.1 illustrates the range within the six sample unions both in terms of centralization and decentralization and in the relative division between policy-making and bargaining. Unions such as the FBU and NUPE which operated exclusively in the public sector tended to be highly centralized in their bargaining arrangements. This centralization and their location in the public sector rendered them extremely vulnerable to the rigid implementation of incomes policy norms. The general manual unions such as the GMWU and TGWU included both centralized and decentralized bargaining arrangements. The TGWU, however, has tended to place a much greater emphasis on decentralization. This was also the case with the AUEW, though its relative division between centralization and decentralization was integral to the system of two-tier bargaining in the engineering industry. Finally, although the white-collar general union, ASTMS, engaged in some centralized bargaining arrangements, its coverage was largely decentralized with particular emphasis on the autonomy of each bargaining group.

These differing bargaining arrangements tended to be reflected

in the policy structure of the sample unions. The key division was between single and dual-channel unions. Single-channel unions such as the AUEW^{NUPE} and the FBU generally discussed detailed bargaining policy and other policy matters in the same forum. This is particularly significant when considering the organizational implications of voluntary incomes policies; support for incomes policies was generally decided in terms of general policy but implemented in bargaining policy channels. The other sample unions all had some form of dual channel system, what Undy et al. (1981: 20) have labelled as a 'bifurcated system'. This means that bargaining policy and other policy items were considered in separate policy forums.

Another single-channel industrial union, the National Union of Footwear, Leather and Allied Trades or NUFLAT, was originally also included in the sample. It was one of the rare examples of an industrial union concentrated in the private sector with relatively centralized bargaining arrangements. After a pilot study, however, it was decided that there was a diminishing marginal return in a detailed study of this organization. This was, in part, because the union operated in such a depressed sector of the economy that incomes policy did not appear to have been the subject of much debate within the union. This was also possibly related to the fact that NUFLAT was not closely integrated into the TUC policy-making process (see below). It was the only one of the potential sample unions whose leader was not a member of the TUC General Council during most of the period under investigation. This leads to a second criterion for the selection of the sample unions.

In order to explore the articulations between individual union behaviour and TUC policy-making, the sample unions had also to be, to some degree at least, closely integrated into the process of TUC policy-making. Such integration might be gauged by both relative size and representation on the TUC General Council. Table 1.2 indicates individually and cumulatively the size of the sample unions, their ranking and relative proportion of TUC membership in both 1972 and 1979. By 1979, five of the sample unions were among the six largest in the TUC and the six sample unions represented 45% of all TUC membership. Thus, in terms of size alone, the sample represented a significant proportion of TUC members and many of its largest affiliates. The internal policy-making of these unions was, therefore, bound to have a significant impact on TUC decision-making.

Moreover, General Council representation also ensured that each of the sample unions was directly integrated into TUC policy-making. All of the sample unions also had representatives on the TUC General Council during the period under investigation. Table 1.3 shows this representation for the year 1975-1976. The six sample unions then accounted for just over a third of General Council members. In addition, the leaders of the three largest unions were among the six TUC representatives on the National Economic Development Council who were generally considered to constitute the inner circle of TUC policy-making.

The sample was, therefore, clearly biased towards large unions which were closely integrated into TUC policy-making. It would certainly also be valuable to study a range of unions which were not closely integrated into TUC policy-making, that had no representative on the General Council, for instance, and whose size was not so large

TABLE 1.2
SAMPLE UNION SIZE AND RANKING
WITHIN THE TUC, 1972 & 1979

UNION	1972			1979		
	RANKING	SIZE	% OF TUC MEMBER- SHIP	RANKING	SIZE	% OF TUC MEMBER- SHIP
AUEW(E)	(2)	1,145,826	11.5%	(2)	1,217,760	10.0%
ASTMS	(8)	280,000	2.8%	(6)	491,000	4.0%
FBU	(44)	30,000	.003%	(50)	30,000	.0025%
GMWU	(3)	848,481	8.5%	(3)	967,153	8.0%
NUPE	(5)	443,354	4.4%	(5)	691,770	5.7%
TGWU	(1)	1,746,554	17.5%	(1)	2,086,281	17.1%
SAMPLE TOTAL:		4,494,215	45%		5,483,964	45%
TUC TOTAL:	(126)	10,001,419		(109)	12,172,508	

TABLE 1.3

**SAMPLE UNION REPRESENTATION
ON THE TUC GENERAL COUNCIL, 1975-1976**

TOTAL GENERAL COUNCIL MEMBERSHIP - 38

SAMPLE UNION REPRESENTATION

AUEW(E) - 3

ASTMS - 1

FBU - 1

GMWU - 3

NUPE - 1

TGWU - 4

TOTAL: 13

SAMPLE UNION REPRESENTATION AS A PERCENT OF
GENERAL COUNCIL MEMBERSHIP - 34.2%

as to carry any great significance in the overall determination of TUC policy. Since the object of this study, however, was to explore the internal dynamics of voluntary incomes policy, particularly the relative discretion available to trade union leaders to engage in agreements on wage restraint and the implications of these internal union dynamics for the direction of TUC policy, it was decided to focus on some of the key actors in TUC policy-making. They were union leaders whose organizations were closely integrated into TUC policy-making and who represented quite distinct organizational policy profiles on support for and opposition to incomes policies. This leads to a third criterion for the selection of the sample

unions.

The sample also required a variety of organizational approaches to the idea of incomes policy and the various phases of the Social Contract incomes policies in particular. Table 1.4 indicates the position of the sample unions for each phase of the Social Contract incomes policies. Table 1.5 summarizes the overall pattern of observations in Table 1.4. Tables 1.4 and 1.5 indicate that the sample included a variety of policy profiles both on each phase and overall. The GMWU, for instance, was supportive of the pay policies in all but one of the observations. In contrast, ASTMS opposed almost all of the phases of the Social Contract incomes policies. The other sample unions displayed a more differentiated pattern moving from support to opposition or vice versa depending on the particular phase. The FBU, for instance, supported the Phase Two policy but was the source of the most vehement challenge to Phase Three. The significance of such movements and the particular organizational profiles of the sample unions on pay policy will, of course, be the subject of detailed scrutiny in subsequent chapters. In the choice of sample, it was simply important that the unions reflected a range of policy positions on incomes policy both historically and in relation to the 1970s policies.

Finally, the choice of unions was also influenced by the possibility of research access. All of the sample unions granted some degree of access to their organizations and officials and activists in each were exceedingly generous with their time and resources. The actual research process will be elaborated in the next section.

TABLE 1.4

SAMPLE UNION POSITIONS ON PAY POLICY PHASES 1974-1979

PAY POLICY PHASE		SUPPORT	ACQUIESCENCE	OPPOSITION
Social Contract Mark I Voluntary Restraint		AUEW(E) FBU GMWU NUPE TGWU		ASTMS
Pre-TUC		GMWU TGWU		AUEW(E) ASTMS FBU NUPE
PHASE I Six Pounds	Post-TUC	GMWU TGWU	AUEW(E) FBU NUPE	ASTMS
PHASE II 5%		AUEW(E) FBU GMWU NUPE TGWU		ASTMS
Pre-TUC		GMWU		AUEW(E) ASTMS FBU NUPE TGWU
PHASE III 10%	Post-TUC	GMWU	AUEW(E) TGWU	ASTMS FBU NUPE
Original Policy				AUEW(E) ASTMS FBU GMWU NUPE
PHASE IV 5%	Proposed November Modifications	AUEW(E) ASTMS GMWU		FBU NUPE TGWU*

Notes: *The TGWU's position was ambivalent with some of its General Council representatives voting against and some abstaining.

Sources: Interview data, press reports and internal union documents.

TABLE 1.5

SUMMARY OF SAMPLE UNION POSITIONS
ON PAY POLICY PHASES, 1974-1979
(Calculated from Table 1.4)

UNION	SUPPORT	ACQUIESCENCE	OPPOSITION
GMWU	7	0	1
TGWU	4	1	3
AUEW(E)	3	2	3
FBU	2	1	5
NUPE	2	1	5
ASTMS	1	0	7

The choice of six unions, rather than four or ten, was ultimately somewhat arbitrary. The principal constraints against more cases were time, resources and the 'manageability' of the data. Yet fewer unions would have limited the scope for comparison and generalization as well as the ability to meet the sometimes conflicting criteria on which basis the sample unions were selected. In retrospect, given the nature of the research design, even six unions proved an extremely ambitious task. This leads to some consideration of the research process and related methodological questions.

The Research Process

This study was undertaken without either detailed prior knowledge or direct experience of the period in question. Such a

disposition excluded at least some of the possibility of an initial bias. However, it also meant that the research process had to compensate for this lack of prior information. Thus, as was specified in the research design, the research effort proceeded simultaneously on two fronts and with almost equal emphasis.

At a macro-level, there was a continuous attempt to retrace the origins of the Social Contract and reconstruct the detailed development of the various phases of the Social Contract incomes policies. This was done through reference to both primary and secondary documentation with particular emphasis on the details of TUC policy-making and the main interactions between the TUC and the Conservative and Labour Governments during this period. Many of these events were, of course, of national significance and the subject of detailed reporting in the press as well as other secondary literature. However, it was also possible to obtain considerable primary documentation such as key policy committee minutes, hitherto not extensively available, and further supplement this with interview data.

The micro-level research involved detailed case studies of the six sample unions and selected data collection in a few other unions. The objective in each case study was to reconstruct the policy-making process on incomes policy and establish its interrelations with TUC policy-making, to investigate the impact of the pay policies and to identify any important changes in the policy approach of each of the sample unions. A number of relationships were of particular interest. At the leadership level of the individual union, it was essential to locate the linkages between the actions of senior executive officers in their internal union roles, such as individual

union policy-making and industrial behaviour, and their external union roles, particularly in terms of the TUC General Council. It was also necessary to identify the key decision-making levels within each union and explore the dynamics of these bodies. In all of the unions, this involved both the executive council and some form of policy conference. Most unions were also divided into discrete industrial or geographical groupings. To the degree that resources permitted, there was an attempt to identify some of the key dynamics at this level of disaggregation in union policy-making and industrial behaviour, at least inasmuch as it directly affected either policy conference or executive approaches to the Social Contract incomes policies. Finally, there was some attempt to assess the industrial impact of the Social Contract incomes policies on particular groups of union members. The detailed case work required a range of research techniques. These included the collection and analysis of both primary and secondary documentary materials, a limited amount of² observation, and extensive interviews.

The documentary materials included, where they were available, general head office circulars, research papers and relevant policy papers; executive committee minutes (in four of the six unions); policy conference proceedings and minutes; selected regional and industrial committee and conference minutes or proceedings; union journals; press reports on each union; and various indices of earnings and bargaining data.

A limited amount of direct observation techniques was also employed. It was possible to observe key actors 'in action' and the operation of the head office in each of the unions. Observation also

included attendance at a range of meetings of union decision-making bodies including a policy conference, the annual Trades Union Congress and Labour Party Conference on several occasions, several regional union meetings and the conferences of a number of industrial groups.

The range of interviews is summarized in Table 1.6. In very approximate terms, around two hundred and fifty interviews were conducted with two hundred and thirty different individuals. As should be clear from Table 1.6, considerable effort was made to cover key officials and activists at a variety of organizational levels. Thus, the population for the interviews was trade union officers and activists plus a few key informants on each union. A form of judgement sampling was used, but this was stratified by both organization and hierarchy. For instance, nineteen of a possible twenty-one senior executive officers in the sample unions were interviewed. The interview sample was then stratified at different levels of the organization and for different industrial groupings with increasingly sparse coverage at lower levels of the organization. There was a definite 'actor bias' in the choice of the lay interviews. The officer interviews were selected more in terms of geographical and industrial coverage. The interviews were conducted over the course of eighteen months in 1979-1980 and throughout the United Kingdom.

The interviews employed the unstructured, focused technique (see Stacey, 1969: 75). A formal interview schedule was rejected because the sample was not random nor was comparable information necessarily being sought from each interviewee. Many of the interviewees were key participants in events at a specific level within a union or they

TABLE 1.6

SUMMARY PROFILE OF INTERVIEWS BY UNION AND BY POSITION

UNION POSITION WITHIN THE UNION	AUEW	ASTMS	FBU	GMWU	NUPE	TGWU	OTHER	TOTALS
TUC General Council Member	5(6)	2	1	2(4)	1(2)	5(10)	1	17(26)
Senior Executive Officers (G.S., D.G.S. & President)	3(4)	4	4	1(2)	3(5)	4(10)	4(6)	23(35)
National Officer (F.T.)	2	4	3	8(9)	2	6	2	27(28)
National Executive Member (Lay or F.T.)	5(6)	7	8	5	6	6	0	37(38)
Research & Administrative Staff (F.T.)	3	2(3)	0	8(9)	2(4)	5	5	25(29)
Regional Officer (F.T.)	6	7	2	17(18)	7	7	0	46(47)
District Officer (F.T.)	6	0	0	1	0	10	4	21
Regional & District Lay Activists	6	13	6	3(4)	2	5	1	36(37)
Related Experts	3	0	0	0	1(2)	1	10	15(16)
Totals	34(36)	37(38)	23	43(48)	23(28)	44(50)	26(28)	230(251)

Notes: G.S.: general secretary D.G.S.: deputy general secretary
F.T.: full-time official

The number in brackets represents the number of interview sessions. Thus, 5(6) means that five people were interviewed in six different sessions.

provided information on the impact or politics of the Social Contract incomes policies in a particular industry or region. As Stacey (ibid.) has suggested, where experiences, reasons and motives are involved and where depth of understanding is important, informal interview techniques are generally more appropriate. The duration of the interview ranged from half an hour to a full day with the median between one and one and a half hours. The methodological implications of the research techniques will be discussed briefly below.

Methodological Considerations

This study possesses a number of clear methodological limitations. First, inasmuch as its concerns 'propositions of wide scope about major social institutions and processes', it is largely exploratory and will, at best, result only in the generation of theories, not in their verification. Secondly, the scope of the research has been limited to developments in the unions' structure and hierarchy. In this sense, the focus is largely on the process of formal policy-making and the informal processes that come to bear on the policy-making process. The intriguing link between workplace and union, for instance, remains largely unexplored. Such a link would require a different research design, yet it is clearly significant for any understanding of the impact and implementation of incomes policies (for a detailed workplace study of the impact of the Social Contract incomes policies, see Willman 1982). Similarly, apart from recourse to some previously untapped opinion poll data (see Appendix C), the attitude of individual trade unionists towards these pay policies remains a matter for conjecture. Finally, the findings of

this study might conceivably be influenced by the degree of research access, the bias of the sample towards unions which were closely integrated into TUC policy-making, and the obvious 'actor bias' of the interview data.

Against these limitations were a number of methodological safeguards. Following the well-trodden path of Glaser and Strauss (1968) and a wide variety of case study approaches in the industrial relations literature (see, i.e., Batstone et al., 1977 and 1978), this research has been 'grounded' in a variety of research techniques with emphasis on a high degree of flexibility and maximum collection of data. A wide range of documentary sources have been used in addition to the interview data. The large number of interviews as well as access to confidential documentary sources has also facilitated cross-checking of key information. This recourse to a variety of research operations or 'multiple triangulation' was used as a check on reliability, validity and other forms of researcher bias. However, the study inevitably had to contend with the problems of data collection in highly charged political settings. This cannot be an argument against such research, but it does necessitate careful scholarship on the part of the author and vigilance on the part of the reader.

Finally, the particular methodological interest of this study resides in the unique opportunity for comparative organizational research. Different organizations are observed through time in the context of a common set of specific government policies on which they must take policy decisions on a number of different occasions. Moreover, these individual organizations are all linked in their common affiliation to a larger policy body, the Trade/Union Congress. A

Thus, while the individual affiliates are all formally autonomous, they are part of a larger organization which renders both their decision-making processes and the impact of their decisions interdependent. It is, therefore, possible to explore the upwards and downwards mediation of policy messages both within the individual union affiliates and between the individual affiliates and the TUC. Tracing the patterns of interconnections and interactions is arguably useful for theory generation. This was, of course, the logic of the research design and it appears to be unique. Such an approach does not seem to figure in the literature on British industrial relations. Indeed, no other example of such an approach comes readily to mind. This highlights both the dangers and the interest of such an approach. The question of which of these two prevails is left to the considered judgement of the reader.

OUTLINE OF THE RESULTS

The exposition of the results of this study presents a particular challenge. It must ground the comparative analysis of the sample unions within the process of TUC policy-making which, in turn, must be located in the context of political and economic developments of the period. The mobilization of consent and opposition to incomes policy provides a partial focus for the integration of the different levels of the analysis, particularly in terms of the links between TUC policy-making and individual union policy-making. However, these internal union processes can only be understood in relation to the larger development of the Social Contract incomes policies. Thus, the exposition necessarily moves between these different levels of

analysis seeking to establish the interconnections between them. Chronology or the actual history of the period serves as the primary organizing principle. However, some chapters deal exclusively with events and processes at a macro-level focusing on the development of relations between the government or the Labour Party and the TUC. Others concentrate on a detailed comparative discussion of the sample unions in relation to the elaboration and implementation of government and TUC policies. Yet others deal with both levels of analysis in an attempt to establish the pattern of links between them. The outline of the results is, therefore, a combination of historical development, thematic analysis and case study. A simpler research design would undoubtedly have facilitated a more straightforward exposition. However, it is hoped that, as the complex pattern of interaction between different organizational levels emerges over the course of the analysis, the heavy demands placed on the reader will result in a more sensitive understanding of the internal and external dynamics of the trade union role in voluntary incomes policies.

The first three chapters set the stage for the actual implementation of the Social Contract incomes policies and, thus, focus on the pre-1974 period. Chapters 2 and 3 locate the origins of the Social Contract, trace its formulation and identify the events which resulted in its transformation from electoral strategy to government programme. The legacy of the 1960s Labour Government was a rift between the leadership of the Labour Party and many of its affiliated unions. The creation of the TUC-Labour Party Liaison Committee and its subsequent advocacy of the concept of a Social Contract between British trade unions and a future Labour government

represented the renewal of trade union and Party leadership links. The apparent unity behind the idea of a Social Contract, however, concealed a critical ambiguity between social democratic and socialist conceptions of such a pact. The socialist conception focused on industrial policy and envisaged the Social Contract as a kind of trade union motor towards the achievement of socialism during the life of the next Labour government. The social democratic conception emphasized the problems of pursuing policies of growth under conditions of full employment without engendering high levels of inflation and consequent balance of payments problems. It defined trade union cooperation in wage restraint as the essential condition for the pursuit of social democratic policies. There was further a fundamental disjuncture between 'trade union' and 'political' roles in this formative period because key trade union leaders remained largely outside the debates over the nature of the Social Contract. As is argued in Chapters 5 and 6, this no doubt facilitated the eventual predominance of the social democratic conception. Thus, Chapters 2 and 3 investigate the place of incomes policy in the discussions between the TUC and the Labour Party leadership during the Party's period in opposition in the early 1970s and the apparent reluctance of the TUC leadership to make any wage restraint commitments on behalf of its membership. Chapter 3 also explores some of the variations between the sample unions in their approaches to bargaining and incomes policy under the Heath Government and the problems that this entailed in the creation of a common TUC approach to the question in its discussions with the Labour Party.

Chapter 4 focuses more systematically on the policy and

practice of the sample unions towards incomes policy and government intervention in collective bargaining during the post-war period and considers their quite different profiles on the relative merits of incomes policy. It is suggested that the readiness of individual union leaderships to support or oppose trade union participation in policies of wage restraint must be understood in relation to the particular internal political and organizational requirements of that union. Thus, Chapter 4 explores in some detail the patterns of support and opposition for incomes policy and their linkages with the composition of membership and industrial location, bargaining policy, and internal and external political practice within the sample unions.

Chapter 5 focuses on the evolution of TUC-Government relations over the Labour Government's first eighteen months in office in 1974-1975. It highlights the process of 'consensus-building' in the construction of a TUC policy response to Government requests for moderation in wage bargaining, considers the constraints acting against individual leadership participation in such a consensus, and looks at how the TUC policy was translated into affiliate industrial practice. It also charts the changing direction of Government economic policy in the face of mounting economic pressures.

Chapter 6 is concerned with the period of tight voluntary wage restraint from 1975 to 1977. It outlines the pressures which led to the change in policy, examines in some detail the negotiation of Phases One and Two by the TUC, charts their relative industrial impact, and considers why the TUC General Council agreed to participate in such policies.

Chapter 7 looks at the mobilization of policy consent for this

period of wage restraint within the sample unions. It focuses on the internal political processes of the unions and, in particular, looks at the downwards mediation of policy in union executives and policy conferences and how this was translated into industrial practice.

Chapter 8, in turn, focuses on the mobilization of opposition to wage restraint within the sample unions. It charts how the industrial impact of the policies was articulated via different organizational structures into union policy processes. This upwards mediation of policy sharply circumscribed the capacity and inclination of union leaders to participate in further rounds of wage restraint and led, first, to the withdrawal of TUC policy agreement for a formal wage guidelines in Phase Three and, later, to the repudiation of Phase Four by the TUC. The collapse of the Social Contract incomes policies in the winter of 1978-1979 seemed virtually irrevocable in the light of such internal union pressures.

Chapter 9 concludes the analysis with an overview of the argument. It focuses on the internal and external dynamics of the Social Contract incomes policies, the implications of the study for an understanding of both individual and TUC policy-making, and the limits and possibilities of future attempts by governments or the TUC to construct and implement such voluntary pay policies.

CHAPTER 2

THE ORIGINS OF THE SOCIAL CONTRACT

Relations between British trade unions and the Labour Party were at a low ebb following the defeat of the Labour Government in June 1970. Moreover, the question of union power had come to be identified as the principal problem confronting any British government. By early 1974, union power continued to be regarded as an outstanding policy problem and a minority Labour Government was elected at least in part because of its claim to a special relation with the unions. This understanding between unions and government was based on a pact between the TUC and the Labour Party which came to be known as the Social Contract. The purpose of this chapter is to locate the origins of this Social Contract. Chapter 3 will trace its formulation and identify the events which resulted in its transformation from electoral strategy to government programme.

The Social Contract consisted of several distinct strands. Its specific shape was the result of the complex interplay between the often competing claims within these diverse strands and the development of events during the Heath Government. Some understanding of this interplay and of the resulting ambiguities in the purpose and composition of the pact is essential for any comprehension of how these ambiguities come to be resolved in favour

of the implementation of a voluntary incomes policy from 1974 to 1979. Since the subject of this study is the trade union role in incomes policy, this and the next chapter focus very heavily on attitudes to pay bargaining and the evolution of related policy debates. They do so to the exclusion of a fuller treatment of both other aspects of the Social Contract and the many industrial relations developments during the Heath Government, particularly the campaign against the Industrial Relations Act. Relying on hindsight and historical selectivity, the next two chapters seek out the 'incomes policy ghosts' of the pre-1974 period. However, these 'ghosts' were far from invisible.

It is first necessary to outline the political and economic context from which the diverse strands of a potential Social Contract emerged. Prior to and after the 1970 election, there existed considerable tensions within the labour movement. These centred on the Labour Party and reflected a complex variety of divisions: between 'left' and 'right', between industrial and political wings of the Party, between parliamentary and extra-parliamentary approaches to political activity, within the Parliamentary Labour Party (PLP), and within and between trade unions. Fundamentally different political and economic conceptions of the labour movement and its future were in play. Three areas of debate were particularly revealing: on political strategy, on industrial relations policy, and on economic policy. These three areas of debate might be considered the component strands of the future Social Contract. The bulk of this chapter will concentrate on examining each of them in turn, for it was from these three areas of debate that a potential

pact emerged.

It must be emphasized that the main thrust for this pact came at least initially from the politicians - on both the right and the left of the Labour Party who, in their role as the official opposition, sought to develop alternative policies to present to the electorate. The trade union response was somewhat differentiated. Leaders of unions with a tradition of staunch loyalty to the party leadership were well disposed to the idea of closer links between the party's industrial and political wings. However, the TGWU and AUEW leadership, to cite the most important examples, indicated that they were not prepared to enter into discussions if the outcome was assumed to be some agreement on an incomes policy. A reconciliation between key trade union leaders and the party leadership was necessarily prerequisite to the detailed formulation of any pact. That leaders of the two large unions identified with the left of the party and were perceived by the party leadership to be altogether less cooperative than the traditional loyalist union leaders made their later inclination for reconciliation all the more remarkable. The last section of this chapter looks at the impetus for that reconciliation and how it led to the creation of the TUC-Labour Party Liaison Committee.

THE COMPONENT STRANDS OF THE SOCIAL CONTRACT

The relationship between the trade unions and the Labour Party was at the top of the political agenda for both the PLP and the party's affiliated unions following the defeat of the Labour Government in the June 1970 election. Inquests into the causes of the defeat took place in a number of quarters and concentrated on

three interrelated areas. First, there was the question of political and electoral strategy. What had happened and why? The defeated Prime Minister, Harold Wilson, had previously portrayed the Labour Party as the 'natural party of government'; yet, it was now out of office. Secondly, there was the debate over an appropriate industrial relations policy. Both the defeated Labour Party and the victorious Conservatives had presented their respective approaches to industrial relations as one of the central planks of their economic strategies. The dispute over In Place of Strife (Department of Employment and Productivity, 1969) was deemed by many to have cost the Labour Government its electoral credibility. The Heath Government's plans to alter radically the character of industrial relations through extensive legal intervention virtually assured a further period of Government - trade union confrontation on this issue. Finally, there was the question of economic policy. The trade unions had become increasingly disaffected with the previous Labour Government's economic policies. One approach suggested that their cooperation, particularly in the moderation of wage demands, was nonetheless essential if the Labour Party was to offer the electorate a credible non-inflationary policy designed to stimulate economic growth. A quite different conception identified a more substantial trade union presence in party policy-making as a way of holding the party leadership to the implementation of a more radical set of economic policies. Behind the apparent unity of calls for closer links with the unions, therefore, there existed quite different conceptions of what a future Social Contract might possibly entail. Each of these three policy areas contributed significantly to the momentum of the

growing debate about relations between the party and the unions.

The primary movement towards a Social Contract arose from a concern to renew the Labour Party in terms of both policy and strategy. The axis of these debates was located in the PLP and in the party's National Executive Committee (NEC) and its subcommittees. There is little evidence that trade union leaders were not at this early stage active participants in the basic strategic conception of the Social Contract, particularly as regards the debate over economic policy. Rather, the trade union espousal of a Social Contract, at least initially, came from an overriding commitment to the Labour Party as the most sympathetic possible interlocutor in government, as a promoter of favourable economic policies (especially on growth and unemployment), and, very importantly, as an agency that would ensure the eventual repeal of the contentious Industrial Relations Act. The Social Contract would indeed be a 'contract' of sorts designed to hold the occasionally recalcitrant party leadership to its promises once in government. This disjuncture between the 'trade union' and 'political' roles in addressing economic policy will be revealed as extremely important at critical points in the subsequent history of the Social Contract, particularly in terms of the resolution of ambiguities between different strategic conceptions of the pact. To trace this subsequent path, it is first necessary to assess the debates over electoral strategy, industrial relations and economic policy.

Political Strategy

The assessment of Labour's defeat at the polls reflected a number of divisions concerning the most appropriate political

strategy for the party. The debate over electoral strategy had emerged very clearly during the controversy which followed the publication of the Labour Government's plans for industrial relations legislation contained in the 1969 White Paper, In Place of Strife (Department of Employment and Productivity,, 1969). The opposition of a substantial proportion of the Parliamentary Labour Party to the proposals as well as the public split between James Callaghan and other senior members of the Cabinet primarily concerned electoral strategy. In an effort to end more than a decade out of power, the party's 1960s electoral strategy had attempted to broaden the appeal of the Labour Party. Too close an identification with the large manual unions affiliated to the party was seen as an electoral liability (Minkin, 1978b: 463). There was an attempt to abandon the 'cloth cap' image in favour of a party of social reform and technological change which might also prove attractive to the expanding middle classes. Under the leadership of Harold Wilson, the party was very successful in both the 1964 and 1966 elections in projecting this new image as the 'natural party of government'. The success of the party at this time perhaps should be linked to its plans to promote an accelerated rate of national economic growth. These plans were modified substantially, however, as balance of payments difficulties led to restrictive economic policies and a reliance on statutory wage restraint (Panitch, 1976: 85-164; Beckerman, 1972). By mid-1968, union opposition to the Government's wages policy made its operation virtually impossible.

Moreover, the Donovan Commission Report in June 1968 had further focused the public mind on industrial relations reform (Donovan, 1968). The onus was on the Government to act. Industrial relations

reform was increasingly seen as something which might suitably replace incomes policy legislation (Panitch, 1976: 164). Indeed, the Prime Minister began to portray such reform as a matter of urgent economic necessity on which the whole future of the Government depended (Jenkins, 1976: 100). However, the Government decision to introduce the politically contentious measures proposed by In Place of Strife was surely more related to electoral strategy than it was to any impact that it might have on economic performance. As Peter Jenkins (1970: 164) observed, 'in order to win and hold the vital centre ground the Labour Government needed to show that its programme for reforming the major institutions of society did not exclude the main vested sectional interests within the Labour Movement'. Callaghan, however, drew different strategic conclusions from the party's unpopularity in the opinion polls.

For victory to be possible, he believed, the Government had to stop antagonizing its own people and win back the support of the working people organized in trade unions. He was nailing his personal standard to this policy; Wilson was committed to the contrary policy of trying to recapture the centre ground even at the risk of jeopardizing his traditional territorial base (Jenkins, 1970: 80).

The defeat of the Labour Government in the 1970 General Election seemed to validate Callaghan's assessment. The defeat was not attributed to any failure to woo the middle class; rather, to the disaffection of the working-class voter. In an electorate which was nearly five million larger than in 1951, Labour's total vote was actually two million less than in that election. Giles Radice (1970: 8) was but one of many to draw the same conclusion from these results: 'If Labour is to win back its working-class supporters, who either voted Conservative or abstained at the last election, it must

retain the support of the unions'. This was a view that gained increasing currency as various sections of opinion within the party conducted their own autopsies on the 1964-1970 Labour Government. Numerous senior Labour Party politicians as well as some prominent trade union leaders spoke of the urgent need to develop a new dialogue between the trade unions and the political wing of the party. This priority was further endorsed by the view that it was imperative for the party to offer new policies. Not only had the previous Labour Government seemed increasingly bereft of new policy initiatives, but the policies pursued by the Heath Government marked a new departure with what had prevailed in the past. It would not be sufficient for the Labour Party simply to offer the electorate more of the same. Alternatives had to be offered. Reviewing the Heath Government's first year in office, the New Statesman leader (18 June 1971: 826) concluded: 'The task of the Labour Party has been determined by the strategy of the government. It cannot afford to sit back and wait for a harvest of votes . . . What Labour needs to do is to devise for the next election a programme that by its logic and coherence will win votes on its own merits'. The urgency of this task was heightened by the possibility of a snap general election. It was feared that with the Labour Party so obviously divided over the question of entry to the European Economic Community, the Heath Government might seek a new mandate from the electorate on the terms negotiated for Britain's entry.¹ Thus, pressures on the party leadership to open a dialogue on policy matters with the trade union movement remained at the top of the political agenda.

What was such a dialogue designed to accomplish? The answer depended at least in part on the respondent's place in the political

spectrum. Some of these divergences will be considered in the section below on the economic policy debates leading to the Social Contract. Nonetheless, it is important to distinguish some of the different approaches for they later contribute to the ambiguities in the nature of the Social Contract itself. A common point of departure emanating from the centre of the party, but spreading well beyond, was the view that it was imperative to rebuild bridges to the party's traditional constituencies - the unions. Certainly the most important argument, which was by no means limited to the right of the party, was that it was necessary to come to some accommodation with the unions on wage bargaining and inflation if Labour was to offer convincing policies to achieve economic growth. Socialist Commentary (July, 1970: 1-2) on the right of the party also expressed the hope that the party leadership would endeavour 'to build an understanding of the problems of government among trade unionists and party activists, to explain to them the key issues of the 1970s, and the values at stake in the way they are handled'. Dialogue with the unions was therefore in many senses an educative exercise - an attempt to foster some appreciation of the constraints faced by social democratic governments in a mixed economy.

Many on the left of the party, on the other hand, felt that the party leadership could only be pushed into bolder socialist policies with the support of the unions. A common strategy with the trade unions might work as a motor towards socialism. There were two interesting variations in this approach on the left. Barbara Castle (1970: 356-357), on the one hand, wrote that a Labour Government could not be turned into a socialist one without winning cooperation

about the means to do so from the trade union movement. 'The time has come to forge a common strategy'. It was clear in her mind at least that this would involve unions converting their wage militancy into a more positive expression of political change. Tony Benn, on the other hand, was more enthusiastic about the socialist potential of wage and redundancy struggles.² He was especially critical of his former ministerial colleagues for what he regarded as their lack of accountability to the labour movement. He argued that opposition to the Vietnam war, an upsurge in trade union militancy, lobbies in favour of the environment, student protests and many other movements of the 1960s were evidence of a desire for greater political participation and a challenge to the authority of the existing system that politicians ultimately would be compelled to acknowledge.

It is arguable that what has really happened has amounted to such a breakdown in the social contract, upon which parliamentary democracy by universal suffrage was based, that that contract now needs to be re-negotiated on a basis that shares power much more widely, before it can win general assent again (Benn, 1970: 11).

While the right-wing of the party concentrated its energies on the question of EEC membership, Benn was instrumental in promoting the assiduous subcommittee work that would eventually bind the party leadership to a more radical set of policies.³ However, trade union support was crucial to this strategy; and Benn spoke of the impossibility of fighting the battles ahead 'unless we can forge powerfully within this Movement the union between industrial and political sides' (LPCR, 1970: 153). Stuart Holland (1975: 37-38) was possibly the clearest exponent of this strategy:

progress to socialism would be an on-going process, but one in which the critical centres of capitalist power and class were transformed by a socialist government, backed by the trade unions

To expect eighteen or twenty people round a cabinet table to initiate such change would be unrealistic unless they were backed by the economic and social force of the organized working class. It will only be through the negotiated and bargained support of the trade union movement that such critical change will prove possible.

Ironically, it was precisely because of this vision of a future Labour Government that a number of social democratic MPs to the right of the party leadership had misgivings about the advantages and practicability of closer links with the unions. Already alienated by the party's opposition to EEC entry, they attacked what they perceived as the 'left populists', such as the Tribune Group and Tony Benn, who were 'pledged to support every trade union position' (MacKintosh, 1972b: 470-484). Some of these MPs and their supporters judged that the electoral advantages to be gained from offering a special relationship with the unions as a basis of economic policy were outweighed by the unpopularity of unions amongst voters (Minkin, 1979: 238). Peter Jenkins (1970: 169) for instance, noted that if Labour was to form a government again soon, 'it will have to persuade the people once more of its will and capacity to govern the trade unions and not be governed by them'. Others suggested that it might ultimately be necessary to loosen the ties that bind the Labour Party to the trade union movement; though this would be difficult because of the party's financial dependence (Beckerman, 1972: 73). Thus, there were considerable disparities in the various assessments of the prospect and potential of a dialogue with the unions.

The unions, meanwhile, were more preoccupied with the Heath Government's legislative agenda than with Labour Party electoral strategy. The Government's industrial relations policy and the bitter internal divisions over an appropriate trade union response

that this provoked within the TUC were of particular significance. The debate over electoral strategy was thus largely confined to the PLP and the NEC.

However, the 1960s Wilson Government had left a legacy of mistrust on the part of many union activists and leaders towards the party leadership. For some trade unionists, the exigencies of electoral strategy was not a sufficient basis to become engaged in a new dialogue, particularly if that was to be a means of obtaining trade union commitment to wages policies, thus named or otherwise. However, debate over industrial relations and economic policy matters continued to push the parliamentary leadership and affiliated unions closer together. The strands of a future Social Contract emerging from these debates are examined in the next two sections.

Industrial Relations Policy

Although relations between the TUC and the leadership of the Labour Party had been strained by the conflict over In Place of Strife (1969), the result of the bitter TUC campaign against the Heath Government's Industrial Relations Act was a greatly enhanced identification between the trade unions and the Labour Party. As one then member of the TUC General Council stressed, it is difficult to overestimate the impact of the Industrial Relations Act on the thinking of trade union leaders at this time (Interview, 18 November 1982). The profound impact of the Act was as much a result of the internal tensions that it provoked as the direct conflict between the Heath Government and the TUC. The eventual resolution of these internal tensions in favour of a strong, collective campaign

against the Act with provisions for the expulsion of those affiliates which did not comply with Congress policy had two direct results. Firstly, the TUC became involved in a dialogue with the leadership of the Labour Party over how best to oppose the Act and what might replace it in the future. Secondly, the TUC General Council entered such negotiations with greatly enhanced authority to speak on behalf of its affiliates; for the TUC had never previously succeeded in maintaining such collective discipline. The controversy over industrial relations legislation was thus a crucial element in the eventual development of a Social Contract. A schematic treatment of this significant episode in British industrial relations history must suffice.⁵ To situate the importance of the industrial relations policy debate in the eventual pact between the Labour Party and the TUC, it is necessary to sketch the background to the legislation, outline the extent of the threat as perceived by the TUC, and trace briefly the evolution of the unions' campaign against the Act.

By the time the Labour Government had fought the battle over In Place of Strife in 1969, the Conservative Party had already developed its own comprehensive set of proposals to reform industrial relations. These were set down in a pamphlet entitled Fair Deal at Work which was published several months before the Donovan Commission submitted its final report in 1968 (Conservative Party, 1968; Butler and Pinto-Duschinsky, 1971: 83-85). This pamphlet was most remarkable, for, following the Conservative Party's 1970 election victory and with neither much consultation nor alteration, it was virtually reproduced as the 1971 Industrial Relations Bill (on the lack of consultation and relative isolation in which the policy was formulated, see Moran, 1977: Chs. 5 and 3 respectively; Barnes and

Reid, 1980: 131-141). Concern over Britain's deteriorating economic position in the world economy and the alleged part that strikes, restrictive practices, the closed-shop and the growth of trade union power in general had played in this continuing economic decline had already prompted calls for a more radical approach to the reform of industrial relations within the Conservative Party (see e.g., Inns of Court Conservative and Unionist Society, 1958). The 1964 election defeat, however, 'precipitated a root-and-branch re-examination of policy' which culminated in the publication of A Fair Deal at Work (Moran, 1977: 59). Whereas there was a fairly wide agreement on the need for some reform of industrial relations practices, the architects of A Fair Deal at Work differed from the authors of the Donovan Report in seeing the law as the 'main instrument' in achieving reform (Lewis, 1983: 370). In opposition to the traditions of legal abstentionism that had prevailed in many areas of industrial relations in the United Kingdom, the 1971 Act proposed an unprecedented, interventionist role for the state. It did so through the creation of a National Industrial Relations Court as well as a Registrar to whom trade unions would be obliged to apply for confirmation of their legal status. It also provided for legally enforceable collective agreements, introduced a list of unfair industrial practices that restricted trade union immunities, and changed the definition of various individual rights in a way which threatened many aspects of collective union organisation (on the provisions of the 1971 Act, see Wedderburn, 1972; Thomson and Engleman, 1975; on the tradition of legal abstentionism, see Lewis, 1976). Wedderburn (1972: 270) described the Act as an attempt at 'a

revolutionary change' in British labour law.

If In Place of Strife had generated a hostile response from the TUC, the Industrial Relations Act was perceived as a far more insidious development. The Government's seeming unwillingness to engage in anything more than token consultation on such an important legislative measure further raised the ire of the General Council. However, the legislation was cleverly drafted. It placed the onus on individual unions to deregister under its provisions. Registration offered substantial advantages - not only the new rights to recognition and the sanctioning of agency or closed shops, but also the maintenance of many of the traditional legal immunities which had provided trade union "rights" under common law. The loss of such immunities represented a serious threat to many unions, particularly if other unions recruiting in a similar area retained legal protections by remaining registered. Moreover, although most unions were opposed to many of the provisions of the Act, they were reticent to challenge the authority of the Government either through industrial action or by deliberately breaking the law. A special TUC in March 1971 basically supported this approach. While voting overwhelmingly not to cooperate with the implementation of the Act, the Special Congress (TUC, 1971: 40-98) rejected the calls for the use of the strike weapon to resist the Act. More importantly, despite vociferous calls from the two largest affiliates, the TGWU and the AUEW, for a more vigorous campaign of opposition, it narrowly voted only to 'strongly advise', rather than instruct, affiliated unions not to register under the Act. It became increasingly clear, however, that a number of unions intended to remain registered. This endangered the entire TUC campaign against the Act. As Harry Unwin,

deputy General secretary of the TGWU and a leading advocate of mandatory deregistration put the case, 'if reputable, long established unions became registered it will mean the gradual acceptance of the legislation and will diminish the possibility of its ever being repealed by a future Government' (TUCR, 1971: 429). It was in this context, and despite the reluctance of the majority of the TUC General Council, that the 1971 Congress (TUCR, 1971: 448) opted in favour of an instruction that affiliated unions should deregister under the Act. This significant assertion of Congress authority over both its affiliates and the General Council later culminated in the suspension of thirty-four unions for failure to observe the 1971 Congress instruction (see TUCR, 1972: 354-368 and 341-342).

Apart from the attempt to neutralize the impact of the Act through non-registration and non-cooperation, the TUC (1971: 40) also agreed to 'seek from the Parliamentary Labour Party an explicit and unconditional assurance on the repeal of the Act.' The disparity of views within the Parliamentary Labour Party (PLP) on the political advantages to be gained from closer links with the unions naturally led to some debate over the desirability of an unqualified commitment to repeal. However, by the time of the second reading of the Industrial Relations Bill in December 1970, the PLP had produced a statement which called on the NEC of the Labour Party and the TUC to develop an alternative to the Bill 'which will ensure that a workable accord between a future Labour Government and the unions and their members can be put before the electorate as a firm basis' for its repeal (Heffer, 1973: 199-200).⁶ It was neither politically nor

practically sufficient to simply call for the repeal of the Act. As Clegg (1972: 8-9) noted, 'Straight repeal is out of the question, for the Act itself repeals most of the legislation which gave protection to the unions up to 1971 ... new legislation is needed.'⁷ In order to discuss parliamentary opposition to the Heath Government's industrial relations proposals, a liaison committee of senior General Council members and PLP representatives was constituted in December 1970. At its first meeting the following month, the PLP representatives stressed their desire to commit the whole of the PLP to the fight against the Bill. It was also agreed that the TUC, the PLP and the NEC of the Labour Party 'should jointly work out a position' on the repeal of the Act (Liaison Committee on the Industrial Relations Bill, 5 January 1971). This was the basis on which the TUC-Labour Party Liaison Committee was formally set up later in the year (see below).

The logic of the TUC and Labour Party opposition to the Heath Government's industrial relations legislation led them to adopt a joint commitment to develop some alternative policy as the basis on which a future Labour Government would be pledged to repeal the Industrial Relations Act. This was a significant departure from the more cautious path of formal political neutrality which the TUC had pursued through the 1960s. The TUC had successfully attracted many of the "apolitical" white-collar affiliates such as NALGO and the NUT on the basis of its ability and willingness to deal with whichever political party was in power. The strength of feeling against the Industrial Relations Act had, however, pushed the TUC away from this neutral stance and into the embrace of Labour Party policy-making. It did so, moreover, with 'a renewed sense of common purpose'

(Taylor, 1982: 193).

The particular design of the Act meant that it held some appeal to a number of unions and the tensions that it therefore provoked within the TUC were considerable. The ultimate resolution of these tensions in favour of a strong collective discipline in opposing the Act, however, greatly enhanced the authority of the TUC and its General Council. This was precisely the kind of interlocutor with whom many in the leadership of the PLP hoped they might negotiate. Moreover, as the TUC was committed to achieve the repeal of the Industrial Relations Act and the Labour Party seemed to be the most appropriate vehicle through which it might attain such a goal, the Labour Party leadership gained greater bargaining leverage to pursue its policy goals vis-a-vis the TUC. To understand these goals, it is necessary to turn to the economic policy strands of the Social Contract. The trade union strategies in this relation will be explored further in the last section of this chapter and in Chapter 3.

Economic Policy

The critical core of the debate about relations between the state and the unions was located in the area of economic policy. Although many of the post-mortems of the 1964-1970 Labour Government touched on both industrial relations policy and political strategies, they invariably returned to questions of economic policy. There were two stimuli: one past and one present. Firstly, there had been widespread disappointment with the economic performance of the last Labour Government (see, e.g., Beckerman, 1972: 29-74). Not only did it fail to achieve the promised growth targets and consequent

increases in living standards, but its economic policies seemed perpetually chained to balance of payments problems. The economic planning which was to accomplish the modernization to which the Government was pledged had been relegated along with the ill-fated Department of Economic Affairs. Moreover, the Government had to rely on stringency in public expenditure and the restraint of wage increases to meet its economic targets. It was felt that the Labour Party subsequently had to pay a high electoral price for such a mixture of policies. Secondly, there was a reaction to the 'new style' economic policies of the Heath Government. The Conservative Party had campaigned in 1970 on the basis of a return to radical free-market policies - a new laissez-faire. This programme featured commitments to low taxation, trade union reform, minimum government intervention, reduction of public expenditure, British membership of the EEC, and the pursuit of commercial efficiency and privatizations in the nationalized industries and public service (Butler and Pinto-Duschinsky, 1971: 91).⁸ Although the strategy was to be short-lived, during the term of Heath at least, it marked a radical break with the kind of consensus politics which had prevailed since 1945. These two stimuli generated considerable debate about economic policy within Labour Party and trade union circles. A range of contrasting diagnoses and possible remedies were advanced. From their midst emerged several distinct strands of an incipient Social Contract. These were concentrated in two areas. Firstly, there were the strands emerging from discussions over macro-economic policy and distributional relations, particularly the role that incomes policy might play therein. Secondly, there were the debates concerning

production, especially industrial policy. Although the debates in these two separate areas were not always incompatible, emphasis on one or the other tended to reflect contrasting approaches to the operation of the economy as a whole. The Social Contract was ultimately subject to quite disparate interpretations. Some understanding of the differences in these approaches is therefore central to grasping the ambiguities which became increasingly manifest.

Many in the Labour Party had been greatly disappointed with the 1964-1970 Labour Government's policies of retrenchment and restraint, rather than growth. Surely, it was argued, a social democratic or socialist party should be the promoter of growth, a fairer distribution of income, increased public expenditure, and full employment. The predominant view of the economy held that increased public expenditure and stimulus of consumer demand would, in combination with a prices policy and restraint of wage increases, result in increased investment, full employment and a higher rate of economic growth without either balance of payments problems or an unacceptable level of inflation. This happy equation meant that there could be higher real living standards for all, including the low-paid. The success of such a formula was, however, crucially dependent on the compliance of trade unionists. This was essentially the problem of post-war capitalist economies. If the government was to pursue positive Keynesian demand policies under conditions of full employment without engendering recurring balance of payments problems, it had to be able to maintain a low rate of inflation. Maintaining a low rate of inflation in these circumstances entailed alleviating wage pressures. This had generally been achieved through

a series of short-term incomes policies. These were, however, subject to chronic breakdown, and it was questionable whether their longer-term impact was not in itself inflationary. Thus, the basic problem of reconciling full employment with growth, stability of prices and a surplus balance of payments remained. A future Labour Government could only pursue policies designed to achieve full employment and the high rates of growth to which it aspired if it could restrain the level of inflation. Thus, policies to deal with inflation were seen as a political priority.

More particularly, it was asked what role, if any, would trade unions be willing to play in restraining the rate of inflation? This debate was further stimulated by the Heath Government's initial advocacy of free-market rather than interventionist policies. It was necessary in response to develop a cogent alternative to the Heath approach. Moreover, although the Government had initially dismantled some of the wage and price control institutions of the previous Labour Government, the rising level of inflation increasingly pushed it towards the elaboration of a pay and prices policy; first, in the public sector and, eventually, in the private sector as well.⁹

The calls to develop an alternative economic policy were very much in evidence in the political, if not the industrial, wing of the Labour Party. The first step was to exorcize the ghosts of the 1964-1970 Government. This consisted of publicly asserting a commitment to growth, in contrast to the slavish attachment to a balance of payments surplus which seemed to dominate Treasury thinking from 1964 to 1970. Harold Lever (1970: 744), a former Financial Secretary of the Treasury and close adviser to Harold Wilson, argued that the

party must reject the orthodoxies of the stop-go policies which it had pursued in the past. 'It should now firmly declare itself to be committed to growth. Only an explicit and convincing commitment to maintain growth for some years ahead produces the essential investment element in an economic expansion.' Anthony Crosland (1971a: 39-40), probably the most influential thinker on the right of the party and a former Cabinet Minister, admitted that he had been too-complacent about growth in the past. He rejected the environmentalist position and argued that a future social democratic Britain would depend on the resources created by growth (see also Crosland, 1971b). Quite apart from the critics of the previous Government's economic policies within the party, there were an increasing number of former Cabinet Ministers who were willing to 'give an absolute priority to growth at the expense, if need be, of the balance of payments' (Watkins, 1970: 403, listed Crosland, Lever, Crossman and Castle; on the increasing prevalence of this approach, see Stewart, 1972). According to this analysis, however, the problem with this strategy was the inflation that it would provoke. Therefore, a policy to curtail inflation - an incomes policy - was seen to be essential. Barbara Castle (1970) suggested that over the next few years the Party must develop 'a socialist incomes policy' in dialogue with the trade unions. At the 1970 Labour Party Conference (LPCR, 1970: 164-165), James Callaghan stressed that there was a need to address the question of how to secure social justice for and between groups of wage earners.

We must get down to this discussion for the sake of our colleagues who will form the next Labour Government. . . . We need all of us to sit down and discuss what instruments will be available, whether they are practicable, whether they can be expected to bear the weight that we shall place

upon them to achieve our economic ends.

Harold Lever (1971b: 68) reiterated that 'the cooperation of the trade union movement is essential to solving inflation on a democratic basis and that unions would be responsive if offered a reasonable deal on growth, unemployment, prices and pay'. John Torode (1970: 291) summed up much of the political commentary that was prevalent at the time: 'until Mr. Wilson and the TUC settle down for a series of discussions about how the Labour movement will run the economy next time round nothing can change'.

The basic dilemma was thus identified as how a future Labour Government could pursue policies designed to encourage growth without undermining the balance of payments through a high rate of inflation. It was increasingly argued that the solution to this problem should come from a radical rethinking of economic and social attitudes and institutions. Such an approach was by no means new. Already in the mid 1960s, Andrew Shonfield (1965: 219) had sketched out the essence of this argument when he suggested that it was necessary to engage in the rational planning of wages and such 'a fully fledged "incomes policy"' really implied 'the equivalent of a new Social Contract'. In an influential pamphlet, Labour and Inflation, Thomas Balogh (1970b: 11) echoed this recycling of Rousseau's phraseology when he wrote: 'We need a new "contrat social", a deliberate agreement on economic and social policy.¹⁰ Geoffrey Goodman (1971: 8) translated this into a more popular formula:

a prices and incomes policy, to be even moderately successful, must be part of a wider social and economic programme of radical reform any prices and incomes policy must, by its very nature, be part of a general move towards greater equality . . . when we talk of a prices and incomes policy what we are really discussing in the socialist context (or what we ought to be discussing) is an entire social contract.

It was a theme, moreover, which had been picked up by the Party leader, Harold Wilson. In a widely reported speech to an industrial relations conference in New York in May 1971, he spoke of the need for 'a voluntary compact' between Government and both sides of industry so that a Government could promote economic policies designed to increase production 'knowing that this need not lead to inflation' (cited in LPCR, 1971: 165). He returned to this message at the 1971 Labour Party Conference. Stressing the need for 'an understanding' between the party and the trade union movement, Wilson stated that they must begin meeting soon to work out 'the conditions of that essential mutual compact between us' (LPCR, 1971: 165). Thus the idea of a 'Social Contract' emerged as both an economic and political strategy.

The basic question confronting the advocates of such a strategy was whether or not trade union cooperation and compliance might be forthcoming. This question could not be separated, moreover, from the debate within the party about the desirability and practicability of incomes policies. Some unions were sufficiently steeped in 'Labourism' or loyalty to the Labour Party that, depending on the economic context, they could be persuaded to cooperate with most policies. Although a number of moderate unions had been seriously alienated from the last Labour Government by the impact of statutory wage restraint and the battle over the In Place of Strife proposals, the industrial relations and economic policies of the Heath Government, if not the recantations of leading Labour politicians, were bringing them back into the fold (on the breakdown of the 'bond of mutual confidence' between the parliamentary leadership and the

majority of trade union leaders, see Panitch, 1976: chs. 6 & 7). At the 1970 Labour Party Conference, the general secretary of the GMWU, Lord Cooper, emphasized the need to establish a consensus between the party and the unions (LPCR, 1970: 173; on the GMWU's approach to incomes policy and collective bargaining, see Chapter 4). Alf Allen, the leader of USDAW, suggested the creation of a new policy-making body which would combine the highest level representation from the NEC, the PLP, the TUC and the cooperative movement to discuss common policies (LPCR, 1970: 175). However, the divisions and tensions were also quite visible.

The trade union opposition to both incomes policy and industrial relations legislation, especially the development of the campaign against the Industrial Relations Act, had effected a shift in the weight of strategic decision-making towards an alliance between the two largest unions, the TGWU and the AUEW. These two unions shared a common hostility to income policy and a common leadership commitment to greater democracy and often militancy in the pursuit of wage claims.¹¹ For the leadership of the TWGU and AUEW, attempts to resurrect the debate over incomes policy demonstrated a lamentable inability on the part of politicians and some trade union leaders to learn from past mistakes. Harry Urwin of the TGWU warned the 1970 Party Conference: 'Trade unions . . . are always the first victims of a corporate state' (LPCR, 1970: 224). When a resolution calling for the party to develop an incomes policy was put to the 1970 Conference with NEC support, the TGWU and AUEW delegations were instrumental in ensuring its defeat.¹² Hugh Scanlon's scathing attack on the resolution was a particularly articulate expression of the prevailing union opposition to the idea that an incomes policy should feature

prominently in a future Labour programme.

It is incomprehensible to us that after all the blood-letting, after all the confrontation in 1968 and 1969, . . . this issue is going to be reopened What possible assurance have we that a wage claim, a legitimate wage claim foregone, will benefit in any way, under the type of system that is envisaged over the next decade? What possible assurance have the trade unions that a legitimate wage claim foregone will go in lower prices and be of benefit for the consumer? What possible assurance have we that they will not go in higher dividends for the shareholders of the particular company? What possible assurance have we that a legitimate wage claim foregone will result in greater benefits for the aged, the sick, the unemployed, will build more roads or hospitals? Surely, these things will come about by the fiscal policy of the Government in power, based upon the revenue that it can raise by such policies. What possible connection is there between the type of incomes policy envisaged, or practised, what possible connection is there, with the redistribution of wealth? . . . we will sit down at the appropriate time, with the N.E.C., with any others, but we will not sit down with the issue pre-empted . . . we will sit down and really consider how to attack the bastions of power, the commanding heights, we will sit down to see how we will redistribute wealth, and we will sit down to see how we can make a bigger and better cake, and we will fight like hell to ensure that the workers get a fair share of that bigger and better cake (LPCR, 1970: 222-223).

In separate debates at the same Party Conference, however, both James Callaghan and Roy Jenkins, the two most likely potential leaders of the PLP, literally pleaded with the trade unions not to foreclose their options on the incomes policy front. Callaghan made it abundantly clear: 'In due course, . . . we shall need to agree collectively what is our positive policy, and I beg comrades - I beg Jack Jones - not to take a final view on this this morning (LPCR, 1970: 166; Roy Jenkins stated that 'we will go on seeking it because we must,' LPCR, 1970: 226). For the political wing of the party, the obstacles to the realization of their political and economic strategy were readily apparent.

The seeming unlikelihood of achieving trade union agreement for what some considered the essential element of the party's economic

strategy - restraint of money wage increases to combat inflation - led a number on the right of the party to despair of any voluntary solution. Peter Jay, (1970), for instance, wrote that even if some moderate trade union leaders might be convinced to support publicly a voluntary policy, there was little evidence that their members would follow them. More likely, it would merely lead to 'an ugly slaughter of all "moderate" trade union leaderships.' Jay suggested that the only viable alternative to Heath's laissez-faire strategy was a comprehensive statutory policy. There were certainly other proponents of the statutory approach, but much of its political appeal dissipated when subjected to closer scrutiny. Firstly, the institutional and ideological bias of the Labour Party towards the affiliated trade unions ensured that its policy options were limited to the extent that a Labour Government had to carry a large degree of union compliance to maintain Party Conference support - extremely unlikely in the case of statutory incomes policy. Secondly, statutory policies had never been particularly effective. Alan Flanders (1972) was a persuasive proponent of this latter argument. 'The incomes policies that have worked have worked because of union commitment to them. Governments have had an excessive belief in what the law could do.' Flanders suggested that only a tripartite voluntary approach might work.

trade unions . . . can only be persuaded to participate in an incomes policy if it offers them solid advantages. A government-proclaimed policy cannot, a tripartite-negotiated one could. . . . for the unions as organizations, involvement in tripartite negotiations, far from weakening them, would add to their strength and standing. Without losing any of their existing functions and power they would be helping to create a larger framework in which they could exert more influence and more control on behalf of all their members' economic interests.

The fragmented nature of workplace bargaining in Britain in fact made dirigiste policies particularly difficult to enforce. Trade union cooperation was thus identified as a necessary element in the creation of an effective pay policy. Thus, political and practical considerations continued to push the leaders of the PLP to seek trade union cooperation in their economic strategy.

There was, however, a subtle but important shift in tactics. If the unions could be engaged in wide-ranging discussions on economic policy without any prior commitments on pay bargaining, and if the Labour Party was committed to imposing effective price controls and delivering a wide range of social policies, then perhaps some understanding might eventually emerge from either the discussions or actual implementation of the policies. Socialist Commentary (1972) reproved Labour Party politicians for their inadequate understanding of union problems. It emphasized that a prices policy must be the 'foundation of a positive incomes policy'. The Party's new approach to incomes policy was further specified in the NEC policy document, 'Economic Strategy, Growth and Unemployment', which was approved by the 1971 Party Conference. Rather than seek an independent deal on wages, something which appeared highly unlikely, it suggested that once a future Labour Government had established an effective prices policy, and was 'pursuing a clear policy of growth geared to the priorities and objectives of democratic socialism, it should not prove impossible to work out with the unions some kind of permanent long-term policy to contain inflation (LPCR, 1971: 374).¹³ The adoption of such an approach in combination with growing trade union disquiet over the policies of the Heath Government made the

possibility of reconciliation between party and trade union leaders much greater. Before turning to this reconciliation in the next section, it is first necessary to examine the emergence of an alternative vision of economic strategy which would contribute substantially to the formulation of the Social Contract.

While many in the leadership of the Parliamentary Labour Party wrestled with the perennial dilemmas posed by the social democratic economic equation, there gradually emerged on the left of the party an alternative view of what would constitute an appropriate economic strategy. In its most traditional form and very much in opposition to the view that the economic programme of a future Labour Government would depend on its ability to secure trade union cooperation in wage restraint, it was simply stated that socialists do recognize the need to plan incomes. However, that could only be done in the context of overall economic planning; and such planning was impossible when the means of production were in the control of private hands. This was by no means a novel position on the left - both inside and outside the Labour Party. What was new was the genesis of a specific transformative strategy, a strategy to transform British capitalism, which could be incorporated into the Labour Party's policy commitments and election manifesto and which would advance the British economy towards socialism. Transformative strategy is no doubt too grand a formulation; it was the product of a number of stimuli and remained relatively undeveloped. Far from homogeneous, its component parts were loosely formulated and often subject to disparate interpretation. It was however given more specific expression by certain intellectuals within the party, especially those associated with the Institute for Worker's Control such as

Michael Barrat Brown, Ken Coates and Stuart Holland.¹⁴ Moreover, the strategy gained increasing currency on the left as it was expounded, however vaguely, by many in the Tribune Group of MPs and, most notably, by Tony Benn, the former Minister of Technology. The relatively close association of the new generation of 'militant' trade union leaders, especially Jones and Scanlon, with the founding of the Institute for Workers' Control gave the strategy an added impetus. What the various exponents and theorists of this loose coalition shared was a common desire for some kind of 'alternative strategy' which would commit the Labour Party to a more vigorous conception of socialism than had prevailed in the recent past. As was noted earlier, many on the left of the party hoped that a common strategy with the trade unions might act as a motor for such a change. The idea of a 'social contract' had already been placed on the political agenda as a method of resolving the basic economic dilemmas confronting social democracy. It also came to represent a quite different conception. According to this latter, a 'social contract' might be an appropriate vehicle for the pursuit of an alternative set of economic policies which could ultimately transform the economic system. To comprehend better the coexistence of these competing conceptions of the 'social contract', it is perhaps useful to outline the factors which fostered the development of the alternative strategy on the left.

The more radical conception of the 'social contract' initially stemmed from disillusionment with the 'modernizing project' of the Wilson Labour Governments in the 1960s. It was further stimulated by the attempt of the Heath Government to implement its laissez-faire

economic strategy. Quite apart from the balance of payments problems, many argued that the failure of the previous Labour Government to achieve its projected growth targets should be attributed to a lack of effective economic planning. It was not technology that Britain lacked, but rather industrial policy (see e.g., Benn, 1976: 76). Thus, it was wrong to identify wage inflation as the principal obstacle to a programme of growth. Higher levels of wage and price inflation only dated from the late 1960s, whereas the major problems of the UK economy were longer-term in nature. The historic lack of growth was in fact the result of both under investment, often linked to the outward flow of capital, and the ineffective utilization of existing investment.

TUC policy was very much in accord with such an approach. In an effort to persuade the Labour Government that any attempt to plan incomes had to be made in the context of wider economic planning, the TUC began publishing annual economic reviews in 1968 (TUCER, 1968).¹⁵ The advent of the Heath Government further stimulated the TUC economic department to develop plausible alternative policies. Thus, in contrast to the Government's advocacy of the merits of a free market, the TUC espoused a greater state planning role in relation to both regions and individual enterprises, an enhanced role for public enterprises, an extension of the scope of collective bargaining and increased company accountability (TUCER, 1971 and 1972). Criticism of previous planning efforts and industrial policy as well as an awareness of different forms of European industrial initiatives also directed attention towards new initiatives in public ownership and the strategic direction of capital investment. Stuart Holland, for instance, recommended the creation of a 'state holding company'

while the TUC called for a new public investment agency.¹⁶ The appeal of fortifying the levers of state control over the flow of capital and the organization of production was further enhanced by the Heath Government's 'U-turn' in industrial policy. Despite its pledged non-interventionism, particularly in salvaging 'lame duck' industries, the spectacular financial collapse of Rolls Royce and the six-month work-in against the threatened closure of the Upper Clyde Shipbuilders in 1971 forced the Heath Government into a series of large-scale public interventions in industry which culminated in the tabling of its 1972 Industry Bill.¹⁷

Simple disillusionment with previous industrial policies and the elaboration of a more actively interventionist role for the state in the mixed economy was, however, compatible with most approaches to economic policy within the Labour Party. What distinguished the left's approach, and there were certainly significant variations in both degree and detail, was the view that it was not possible to reform the capitalist economic system in the way suggested by the social democrats. It was argued that capitalism would not be transformed through either modernization, expansion or alterations in the distribution of resources. It was wrong to view inflation as the result of a vicious 'merry-go-round' over wage bargaining which thus impeded growth. Inflation was not the simple product of distributional struggles. Rather, it had to be understood in terms of the process of capital accumulation, attempts by the state to regulate this process, and the impact of crises on both of these factors (Rowthorn, 1980: 129). Moreover, even if growth was achieved, it would be far from unproblematic. The changing structure

of ownership through its increasingly transnational character, on the one hand, and through the increasing concentration of production with the attendant mergers, rationalization and job loss, on the other hand, was surely sufficient evidence of the problems of growth. Trade unionists were continuously experiencing the direct effects of the changing organization of capital; and it was a subject for much discussion on conference agenda. Between 1968 and 1973, when manufacturing investment and productivity growth were relatively high, 'well over half the industries in manufacturing were showing a net loss of jobs' (Massy and Meagan, 1982: 9). This was the result of an active attempt to reorganize and restructure industrial production - 'shakeouts' in Harold Wilson's famous phrase. Nor could this be divorced from the wave of mergers, takeovers and closures with the consequent increases in the concentration of ownership. Thus, it was argued that it was not sufficient simply to advocate policies which would stimulate growth. Private accumulation was anarchic and anti-social, and the tendency to monopoly and the concentration of private economic power had been accentuated (Barratt Brown, 1972: 12).

Future Labour Governments could not, therefore, simply implement the 'right' blend of macroeconomic policies; and growth, greater equality and extended social services would then prevail. Rather, it was necessary to challenge the power of private capital. As Barratt Brown (ibid.) summarized the strategy, 'while capitalism cannot be reformed, its power - that is, the power of private capital accumulation - can be increasingly challenged by reforms'. It was proposed that this could be accomplished in at least two phases. Firstly, it was necessary to commit the Labour Party to a political

programme of social ownership and control of the economy. There would have to be a 'fight to capture the Labour Party for socialism' so that socialist options might be presented to the unions' (K. Coates, 1970: 15). It was really a question of 'converting the unions to socialism' (K. Coates, 1973). There existed two potential forces within the trade union movement: 'the one tending to incorporate the unions in sustaining the consensus politics of a mildly reformed private capitalist economy; the other reaching forward to impose working-class priorities upon a political movement that will open the way to social ownership and social control of the economy (Barratt Brown, 1972: 184). A socialist 'social contract' would be based on this latter force, the assertion of working-class priorities. Secondly, with the Labour Party and trade unions committed to such an approach, a future Labour Government might then attempt to use the levers of state power, however imperfectly, to implement socialist policies. Thus, unlike many of the 'new left' strategies outside the Labour Party that were pledged to the creation of a revolutionary party and the ultimate overthrow of state power, this strategy envisaged the mobilization behind and implementation of a Labour Party electoral programme that might press reforms to the limits of capitalism and 'beyond' (Barratt Brown, 1972: 13).

Such a strategy, it was argued, would be viable in Britain because of two factors: the strength of the working class and Britain's international economic position. Firstly, there was relative agreement that the British working class through its trade union organizations had reached a new pinnacle in terms of industrial strength. In organizational terms, there had been 'a strong

resurgence of union membership from 1968 onwards which arrested and reversed the decline in union density that had occurred since 1948' (Price and Bain, 1976: 339). There was also considerable statistical evidence of an intensification of overt industrial conflict (numbers of strikes, workers involved and working days lost were all on a virtually continuous upward trend from the mid - to late 1960's through to 1974; see, e.g., Crouch, 1978: 201-205). In addition to much lamented 'unconstitutional' strikes, that had been typical of industrial relations in the engineering industry of the 1960's, there was an increasing tendency for union leaderships to sanction large-scale official disputes. Furthermore, traditionally quiescent groups of workers, particularly in the public sector, were engaging in industrial action for the first time (e.g., local authority manual workers, health service auxiliary workers, some teachers and civil servants, workers in public utilities, coalmining and the railways; see Winchester, 1975: 74-78). At a national level, a more militant leadership had prevailed over the traditional domination of the 'moderates' within the General Council, and successfully opposed various industrial relations and economic policies of both the Wilson and Heath Governments. At the level of the workplace, the shop steward organizations of many unions were sufficiently powerful to extend the scope of collective bargaining, challenge managerial prerogatives and, occasionally, even question the power of capital. The growing incidence of new forms of industrial tactics such as factory occupations and sit-ins were claimed to pose 'a radical challenge to the divine right of property ownership (K. Coates, 1973: 42). These domestic trends were linked, moreover, to an international context where it seemed that rising levels of

industrial and political conflict throughout Europe, particularly events such as May 1968 in France and the 'hot autumn' in Italy, were indicative of a breakdown in the post-war settlement between trade unions and the parties of the left on the one hand and their respective national states on the other (see e.g., Crouch and Pizzorno, 1978; Barkin, 1975). Ironically, whereas the social democratic version of a 'new social contract' sought to come to terms with this apparent trade union strength; it was precisely on this strength that the exponents of a 'radical social contract' aspired to base their transformative strategy.

Secondly, the left strategy was argued to be viable because Britain was identified as one of the weaker links in the chain of advanced capitalist powers. Ken Coates (1973: 9) suggested that socialists should recognize this fact, 'and seek to break the chain by beginning the work of social transformation that would democratize both economy and society, changing the aims of both in the process'. This was to be accomplished through a range of policy initiatives, but they focused primarily on industrial policy and controls on the flow of capital. This assessment had crucial implications for it was argued that it would be impossible to pursue such policy initiatives without distancing Britain from the prevailing economic order in the advanced capitalist countries. In particular, membership of the European Economic Community would mean further British subordination to the dominance of international capital and prevent the pursuit of effective policies to halt the decline of the UK national economy. Import and capital controls would form a vital part of any programme to expand the British economy and regenerate manufacturing industry.

It would not, however, be feasible to implement such controls within the framework of the EEC.¹⁸ Thus, advocates of the strategy first opposed Britain's application to join the EEC; and, subsequently, campaigned for a Labour Party commitment to withdraw Britain's membership. The result of this campaign was the 1975 referendum on EEC membership. The defeat of the left's position in the vote symbolized for many the defeat of the socialist conception of the Social Contract (see Chapter 6).

Although fragmented and sometimes undeveloped, this analysis was nonetheless the basis of an inchoate transformative strategy to be incorporated into the programme of the Labour Party. The left in the party was notably successful in promoting it; for by 1973 many of the major elements of industrial policy had been adopted for the party's electoral programme. Through the latter 1960s, the party's National Executive Committee had become an increasingly assertive voice of the extra-parliamentary party against Government policy (Minkin, 1980: 327). Through increased activity and organization, as much as numerical strength, those on the left of the NEC were able to exert a growing influence in the formulation of the party's economic and industrial policy (Hodgson, 1981: 79). After the 1970 election, the NEC's Home Policy Committee had agreed to upgrade the old advisory committees and create six major subcommittees which would formulate policy suggestions for a future Labour Government (LPCR, 1971: 37-40). The left was particularly successful in seizing the initiative on the Industrial Policy Subcommittee. This committee subsequently established its pre-eminence in matters of industrial and economic strategy wresting control away from the Financial and Economic Committee (Hatfield, 1978: 44-66).¹⁹ This was of considerable

importance because the latter was chaired by the former Chancellor, Roy Jenkins, and largely espoused the social democratic view of the economy as discussed above. Thus, key individuals on the left of the party such as Ian Mikardo, Tony Benn and, later, Stuart Holland were able to advance their blend of alternative economic policies through the party machinery. Labour's Programme 1973 was described by many as 'the most radical political and economic programme for the Party since the Second World War' (Hodgson, 1981:84).

However, this strategy to secure a socialist transformation in Britain depended on both Labour Party and trade union support. If the agencies of state power were eventually to be used to create openings to the left, then it would require the mobilization of the working class behind the strategy - both to challenge the power of capital and to hold the party leadership accountable to the programme. Thus, the idea of a compact or contract between a future Labour Government and the trade union movement, as had been mooted by a number of social democrats as a means of holding down the level of inflation, also appeared to be an attractive vehicle for the pursuit of a more radical strategy. A 'social contract', in the words of Stuart Holland (1975: 40), should be 'a contract for a socialist programme'. In Tony Benn's now famous phrase, it would be designed to bring about 'a fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families.'²⁰

There appeared, therefore, to be relative unity within the Labour Party behind the calls for closer links with the unions and

the pursuit of detailed negotiations over future economic policy. Underlying this unity, however, was a distinct ambiguity of approach. There coexisted two quite different conceptions of an incipient 'social contract'. The first sought to address the predicted inflationary consequences of any active government commitment to economic expansion under conditions of full employment through an accord with the unions. The second aspired to transform the economic system itself, also on the basis of an accord with the unions. The conflicts between these two approaches would ultimately constitute the basis of more fundamental tensions in the operation of the Social Contract.

THE RECONCILIATION

A basis for the future Social Contract has now been traced to the convergence of debates within the Labour Party over political strategy, industrial relations policy and economic policy - all component strands of the eventual pact. If they were to be woven together, there had to be a specific reconciliation between the party and the unions. The leadership of the Party had appealed to trade union leaders for a joint understanding on future policy. Trade union cooperation was viewed as necessary for both the electoral and economic implementation of the social democratic formula. Some on the left of the party had equally identified more active trade union participation as a key element in the implementation of a transformative strategy. There was a differentiated trade union response to these appeals. No doubt sensitive to the appeals of the parliamentary leadership, the leaders of the GMWU and the Shopworkers Union (USDAW), moderate unions with a tradition of exceptional

loyalty to the Labour Party, had already in fact proposed the creation of a new policy body which might meet at frequent intervals and work out joint policies (Lord Cooper and Alf Allan respectively, LPCR, 1970: 172-175). The response of Jack Jones and Hugh Scanlon, leaders of the two largest unions, was more problematic for the party leadership. They had indicated that they would not be willing to enter into such discussions if it simply entailed seeking some form of restraint on wage bargaining (see above). The obstacle to the conclusion of any joint pact was therefore clear. However, the development of the trade union campaign against the Heath Government's Industrial Relations Act and the willingness of the party leadership to engage in discussions without any preconditions created the necessary climate for closer liaison.

The threat posed by the Industrial Relations Act played a crucial role in renewing the strained relationship between a number of key union leaders and the leadership of the Parliamentary Labour Party. By October 1971, not only had the TUC secured the Labour Party's commitment to repeal the Industrial Relations Act, but the most vociferous trade union opponents of the industrial relations policies of the previous Labour Government had been successful in forging a united TUC line against the Act. Moreover, the NEC policy document, Economic Strategy, Growth and Unemployment, submitted to the 1971 Labour Party Conference (LPCR, 1971), made it clear that the willingness to negotiate an incomes policy was not a precondition for wider discussions between the party and the unions on economic policy. There was also growing pressure within the trade union movement for closer liaison. Moderate trade union leaders, of

course, favoured closer links, but the 1971 TUC (TUCR, 1971: 448-451) supported immediate discussions between the General Council and the NEC of the Labour Party to work out proposals that could form the basis of legislation to replace the Industrial Relations Act. The wariness of certain trade union leaders towards the party leadership, engendered by their experience with the Wilson Government in the late 1960s, meant that the negotiation of specific policy commitments, particularly on the repeal of the Industrial Relations Act, was preferable to more open-ended promises from politicians who, in their view, had been overly inclined to bow to the difficulties which invariably confronted social democratic governments (Interview, 16 May 1980).²¹ Thus, the political and industrial wings of the Labour Party were moving towards greater unity, but a complete reconciliation required a specific impetus.

The origins of the Social Contract have been rightly attributed to Jack Jones's speech to the Fabian Society meeting at the 1971 Labour Party Conference. John Elliott (1978: 27) described it as 'a historic speech burying the hatchet of In Place of Strife, calling for a new unity, and even foreseeing the possibility of a wages policy'. Coming publicly from the union leader who was regarded as the cornerstone of the left alliance within the TUC which had caused the leadership of the PLP so much discomfort in the later 1960s, it was perceived as an important peace initiative. More importantly again, it was the specific impetus required to launch more detailed negotiations between the TUC and the Labour Party on future policy commitments. The Labour Party leader, Harold Wilson, was quick to seize Jones's peace offering. The next morning in his keynote address to the 1971 Labour Party Conference, Wilson referred to his

call for a 'voluntary compact' which would permit a government to pursue expansionist economic policies without fear of inflation because it could count on industrial cooperation and restraint. He also reminded the conference that the party was pledged to the repeal of the Industrial Relations Act and to discussions on what voluntary measures would replace it. Wilson noted that when he had called, the previous year, for the political and industrial wings of the Labour Party to get together and work out a mutually agreed policy, it had been too soon. However, they would be failing the Labour movement, 'if we are not soon meeting and working out the conditions of that essential mutual compact between us' (LPCR, 1971: 165; on the reconciliation between Jones and Wilson, see also New Statesman, 1971a). Not only did Jack Jones lead the standing ovation for Wilson, but he was the next speaker in the debate.

let us go on, on the foundations of the pledge to repeal and create a new approach. As Harold said, the time is ripe. The trade unions and the parliamentary leaders are closer than for many years and will remain firm and united. (Applause!) It is possible for the Party and the TUC to agree to a policy, because every union in the TUC, whether political or not, is united in wanting this Act repealed . . . There is no reason why a joint policy cannot be worked out. But let us have the closest possible liaison. This is not just a matter for brainstorming in the backrooms of Congress or Transport House before the next election. In the past we have not had the dialogue necessary. The unions and the Party leadership perhaps have both been unsure of their own ground but we can make this policy into a great campaign to open up the approach to genuine industrial democracy based on the unions, which will be to the benefit of the whole community (LPCR, 1971: 169).

The reconciliation was thus accomplished. Jones was outlining the basis of a future 'social contract'. He envisaged more than a deal on future employment legislation; it was a political vision of how the state and the trade unions should conduct their relations. The

movement to develop lay participation and officer accountability within the TGWU, the very movement which had carried Jones and other like-minded officials to the leadership of the TGWU and, ultimately, of the trade union movement, was to be extended. 'Shop steward power' had initially been extended beyond the workplace to the operation of the union as a whole; it was now to embrace first the Labour Party and eventually the state.

Jones thus became the trade union architect of the Social Contract. He played a central role in its origins, formulation, realization and, ultimately, its demise. The position of the sample unions in this study with regard to the early evolution of the Social Contract and collective bargaining policy under both Conservative and Labour Governments will be detailed in Chapters 3, 4 and 5. It is essential at this point, however, to identify the key brokerage role of the TGWU and, in particular, its General Secretary, Jack Jones. This role transcended the notion of simple representative functions, for the General Secretary played a crucial mediating role between factors and events external to the union and those which were internal. In common with many trade union general secretaries, Jones could transmit messages both inside and outside his union. Most trade union general secretaries also attempted to structure expectations within their own unions in accordance with their perception of external developments. What distinguished the TGWU General Secretary was his ability to structure expectations outside his own union as well as within. He could therefore initiate policies in both directions. This unique capacity was undoubtedly subject to a variety of limitations; an understanding of which will be a central theme in the following chapters. However, it would be

useful to identify briefly the internal and external factors which then combined to endow Jones with this crucial mediatory role.

Within the TGWU, Jones enjoyed a unique authority. This derived from two sources. First, there were the powers of the general secretary's position. The TGWU General Secretary, both by design and by tradition, held a unique authority. The original design of the amalgamation provided for a strong, central official to counterbalance the decentralized structure of the regions and the autonomy of the trade groups.²² Indeed, the tradition of strong, central leadership - whether to the left or the right - had prompted the characterization as a 'popular bossdom' (Turner, 1962: 290-291). This had been attenuated to a degree by the movement towards democratization and devolution within the union, but the General Secretary nonetheless retained considerable powers.²³ Secondly, Jones's power derived not only from his position within the organization, but also from the personal authority that he had successfully cultivated over a long career as an active trade unionist. This was very much bound up in the movement which had sought to reform the TGWU and of which Jones and others in leading positions, such as Harry Urwin, the Deputy General Secretary, were acknowledged leaders. Jones was seen by members as a "T and G man" whose service to the union was exemplary.²⁴ The operation of the reforms which he and others had advocated was overwhelmingly popular amongst lay activists. Given his pre-eminent position within the union, Jones's personal convictions and behaviour deserve further analysis. A self-educated Liverpool docker, Jones enlisted in the International Brigade and fought with the Republicans in the Spanish

Civil War. He then settled in Coventry where he quickly went from shop steward to union official for the TGWU. He was then successively Coventry District Secretary, West Midlands Regional Secretary and then national organiser before being elected overwhelmingly as General Secretary of the union in 1968 to succeed Frank Cousins. Jones quickly asserted the mantle of his new office and gained a reputation as a fierce opponent of both government wages policies and legislative interference in collective trade union organization (on Jones, Interviews; see also Beynon, 1975: 265; and Goodman, 1979: 41, 358). Rather, he believed in the autonomy of workplace bargainers who should be free to participate in and decide on the negotiation of appropriate bargains at whatever level. Since Jones's political links were on the left of the Labour Party and, more specifically, with the Tribune Group, there was certainly a feeling on the left that he could exert a very positive influence in any discussions between the unions and the leadership of the Party, especially in light of the role that he had played in opposition to In Place of Strife. It was presumed that the union's commitment to socialist policies would not be diluted through any 'backroom deals' with the parliamentary leadership. Jones confirmed this impression at the union's 1971 Biennial Delegate Conference. In response to a motion calling for closer liaison between the trade union movement and the Labour Party, Jones replied that the necessary machinery already existed. What was necessary was an indication that the leadership of the Party understood that they had to work with the trade union movement when they were in power, not just consult it when in opposition (TGWU BDC, 15 July 1971). The motion was remitted on the assurance that Jones would pursue ways of achieving a closer

liaison. Thus, Jones exerted a virtually unchallenged influence within the TGWU. As one member of his union's executive commented, he was then at the height of his powers (Interview, 9 September 1980).

In the broader political sphere, Jones, like his predecessors as TGWU General Secretary, was in a position to play a key mediating role both within the TUC and between the trade union movement and the state. The structure and tradition of power relations within the TGWU ensured a solid base from which the General Secretary could launch political initiatives. This potential was further enhanced by the location of the TGWU within the trade union movement. As the largest union in the TUC, not only did it cast the greatest number of votes at Congress, but it had direct access to key positions. It was virtually guaranteed a place amongst the six TUC representatives to the National Economic Development Council and also generally held the greatest number of General Council seats. A strong leader of the TGWU was thus in a position to wield decisive power and influence within the highest councils of the trade union movement. Indeed, the astute TUC general secretary would often seek to ally his position with that of the TGWU General secretary (see e.g. the relation between George Woodcock and Frank Cousins in the 1960s, Goodman, 1979). The informal alliance forged between the TGWU and the AUEW after the accession of Hugh Scanlon to the leadership of the engineering union meant that the TGWU could generally count on substantial support for its policy initiatives. The highly decentralized structure of the AUEW and its internal factional strife limited the possibilities for its leadership role. The other large

general union, the GMWU, certainly possessed a comparable internal cohesion and hierarchy to that of the TGWU. It could also boast the strength of numbers, but its members often did not wield the same economic power and its shop steward organizations seemed to pose less of an industrial threat. Moreover, its moderate political tradition and strong loyalty to the parliamentary leadership of the Labour Party limited both its inclination and credibility to pursue independent policy initiatives. It was invariably cast more in the role of a policy messenger, rather than that of an initiator. The other unions in this study, indeed the other unions in the TUC, commanded neither the size nor spread of membership to play the same type of commanding role within the TUC. Quite apart, therefore, from the TGWU's recent history of opposition to incomes policy, its general secretary was bound to be seen as a key interlocutor by the party leadership. Jones's distance from the party leadership and perceived proximity to shop steward activists, in fact, enhanced his bargaining power in any exchange with party leaders. Ironically, his negative power as an obstacle to the formulation and implementation of party policy increased his own powers to initiate. From the earliest stages of the Social Contract, this constellation of internal and external factors assigned a key mediatory role to Jones, the trade union leader and the individual. This would remain the case during the subsequent history of the Social Contract. As long as Jones could carry Scanlon and/or the leader of GMWU with him, most other TUC unions would then follow. This permitted him a remarkable latitude to pursue his own vision of what a 'social contract' should entail. The very fact that Jones was seen to be playing a key role, moreover, rebounded on the internal political

process of his own union to legitimize his actions.

The reconciliation between the Labour Party and the TUC was given institutional form in late 1971. The Labour Party General Secretary, Sir Harry Nicholas, wrote to Vic Feather, General Secretary of the TUC, to propose that discussions should proceed between the TUC and the Labour Party on economic and industrial policy with a view to preparing Labour's election manifesto. There was some initial confusion as to who should participate in these discussions. The Home Policy Committee of the Labour Party NEC took the view that it should be confined to representatives of the TUC and the NEC (Hatfield, 1978: 76; Elliott, 1978: 37). The TUC's Finance and General Purposes Committee was persuaded by Jack Jones, however, that any discussions must involve the Shadow Cabinet. As Jones told the delegates at the TGWU's Biennial Delegate Conference (15 July 1971) earlier in the year,

at the moment the leadership of the party is disposed to want to consult with the trade union movement, but we want to maintain that sort of contact and liaison when Labour goes back into Government. I think that we have got to commit the Party leadership to the understanding that they will be prepared to work much more closely with the trade union movement when they are back than they did on the last occasion.

Jones believed that Labour politicians could not always be trusted to come forward of their own accord with policies favourable to the trade unions. If these talks were to be of any value, then future ministers had to be committed to specific policies (Interviews, 16 May 1980 and 7 October 1980).²⁵ This could only be done by involving the Shadow Cabinet in the discussions and securing their agreement. It was a measure of Jones's influence that this view prevailed. The new 'TUC-Labour Party Liaison Committee' (henceforth referred to as

the Liaison Committee) consisted of six representatives from each of the NEC, PLP, and TUC. It met monthly from February 1972 and played the key role in the formulation of the Social Contract.

CONCLUSION

This chapter has attempted to trace the origins of the Social Contract in the debates which preceded and followed the 1970 electoral defeat of the Labour Party. More specifically, it has identified three component strands of an incipient social contract arising out of the debates over political strategy, industrial relations policy and economic policy. Each of these areas pointed towards the need for closer links between the Labour Party and the trade unions. This apparent unity, however, contained a fundamental ambiguity; there co-existed two quite different conceptions of the nature and purpose of a 'social contract'. These might be roughly labelled as the social democratic and socialist conceptions. Whatever their differences, both depended on some kind of specific reconciliation between trade union and Labour Party leaderships. The obstacle to closer relations was the opposition of key union leaders such as Jones and Scanlon to discussions which presupposed as their object agreement on incomes policy. This highlights a further important distinction. Both conceptions of the Social Contract were derived, however implicitly, from theories of economic and social change. There is little evidence, however, that trade union leaders at this time subscribed to either conception. A desire by trade unionists to maintain closer links with the party leadership was not predicated on either of these conceptions of the Social Contract.

There existed, thus, a crucial disjuncture between 'political' and 'trade union' roles in the strategic formulation of the basis of a social contract. Whatever the ambiguities and disjunctures, any future pact depended on a reconciliation between party leadership and key trade union leaders. The impetus for this reconciliation came from Jack Jones who as leader of the TGWU was ideally placed to effect it. The reconciliation was quickly institutionalized in the form of a new body, the TUC-Labour Party Liaison Committee. Subsequent Liaison Committee discussions, juxtaposed as they were with the TUC campaign against the Industrial Relations Act, the Heath Government's 'U-turn' in economic policy and the debates that this provoked within trade unions over their collective bargaining policies, and the continuing elaboration of new industrial policies by NEC subcommittees, led to the specific formulation of the Social Contract. This process is the subject of the next chapter.

CHAPTER 3

THE FORMULATION OF THE SOCIAL CONTRACT 1972-1974

Having previously identified the diverse strands from which the Social Contract originated and established the reconciliation between the trade union and Labour Party leaderships, this chapter examines the formulation of the Social Contract in the 1972-1974 period. The essentially fluid and disparate character of the Social Contract should be stressed. It was constantly defined and redefined on several fronts: in the Liaison Committee, in the National Executive and PLP of the Labour Party, within individual unions and, not least, in the TUC's relations with the Heath Government. Thus, the formulation of the Social Contract was an incremental process in which each event played a part in further clarifying or obscuring the nature of the project. By the time of the February 1974 election, therefore, the Social Contract carried both the visible and invisible imprints of the volatile period in which it was formulated. Its disparate parts had a greater meaning as a result of the events which brought the project to realization. This chapter charts the direction of the Liaison Committee discussions and, to a lesser extent, debates within the Labour Party and the TUC; explores some of the internal dynamics affecting individual union approaches to collective bargaining, the economy, inflation and political strategy;

and identifies the key formative influences in the transformation of the Social Contract first from 'political embryo' to electoral programme in 1972-1973 and, then, from electoral programme to government policy in 1973-1974.

The chapter is divided into three main parts. The first part traces the creation of a Labour Party programme which was based specifically on the notion of the Social Contract and carried the TUC's seal of approval. In charting the development of this programme, particular emphasis is placed on the interplay between the Liaison Committee discussions (and also the policy formulation within the subcommittees of the Labour Party) and events outside the committee rooms such as the impact of the Industrial Relations Act, the tripartite negotiations with the Heath Government, the imposition of a statutory pay policy and the reactions that these provoked within the individual unions. The second part of the chapter considers variations between and within the sample unions on collective bargaining policy, inflation, incomes policy and political practice. The imposition of statutory wage controls, the possibility of renewed TUC talks with the Heath Government on the economy and the continuing dialogue between the Labour Party and the TUC on economic policy pushed most TUC affiliates to define in some way their approach to economic policy, particularly on inflation and incomes policy. These approaches were generally closely linked to their collective bargaining policy and were often indicative of prevailing political rationalities in terms of the limits and possibilities of trade union relations with the state. The variations in individual union collective bargaining policy and their approaches to inflation,

the economy and the state are particularly significant in terms of their influence on the readiness of union leaderships to support or oppose trade union participation in various pay policy phases during the 1974-1979 Labour Government. This chapter, therefore, explores some of these variations during the 1972-1973 period. Subsequent chapters will scrutinize them further. Finally, the third part of the chapter deals with the transformation of the Social Contract from programme to power. Once again, the context in which this occurred and the consequent actions of the TUC had crucial implications for the future development of the Social Contract. In particular, the TUC demonstrated a willingness to exert an influence over the formulation of wage claims by its affiliates. What the Labour Party leadership failed to secure in words, the events which brought the Social Contract to power secured in action. The stage was thus prepared for trade union participation in a series of voluntary incomes policies.

FROM STRATEGY TO PROGRAMME

The first meeting of the newly constituted link between the TUC and the Labour Party, the Liaison Committee, took place in February 1972. By the autumn of 1973, sixteen meetings later, the terrain of the Social Contract had been largely mapped out. This first part of the chapter will focus on the formulation of the Social Contract during this period. It would be misleading to imply that the Social Contract was simply the output of these meetings. It was not defined by any single statement. As was suggested in the previous chapter, proponents of quite different conceptions of a Social Contract had commonly advocated closer links between the Labour Party and its

affiliated unions, but the meaning of such a project remained fluid. The three statements produced by the Liaison Committee during this period were certainly important in defining the nature of that closer link; but so too was the formulation of Labour's Programme 1973 (Labour Party, 1973). Indeed, this document was regarded by many as the high-water mark of socialist consciousness in the Labour Party - the very essence of a Social Contract! Yet, many of the most important aspects of this document, especially those concerned with industrial policy, had already been worked out by various Labour Party subcommittees for the 1972 Party Conference and appeared in Labour's Programme 1972 (LPCR, 1972) - well before the Liaison Committee ever addressed these questions.

Thus, the Social Contract was made up of disparate parts and subject to quite different interpretations. In its broadest sense, the Social Contract was being defined quite independently of the specific institutional link established by the Liaison Committee. Contacts between senior officials of the Labour Party and the TUC were frequent. Many senior trade union officials also held positions within the Labour Party. The trade union block-vote was decisive on all policy decisions at the Labour Party Conference (see Minkin, 1978a). Not surprisingly, there was a high degree of overlap in TUC and Labour Party policies. The Liaison Committee, however, enabled senior trade union leaders to carry on a direct dialogue with the Shadow Cabinet and give specific expression to what was already common in the programmes of the Party and the TUC. It signified a general TUC commitment to the objectives of Labour's programme. Most importantly, the presence of senior trade union leaders implied some

commitment to mobilize their respective memberships in that direction. As much as the specific content, this was the symbolic importance of the three documents that the Liaison Committee produced during this period.

The Social Contract was not the subject of widespread discussion during this period. Indeed, the term was hardly mentioned at trade union conferences. David Basnett, the newly elected general secretary of the GMWU, was possibly the first union leader to mention the concept to his union at its annual conference in June 1973 (GMWU AC, 1973: 370-371). Basnett was party to the Liaison Committee discussions. In contrast, the chief union 'architect' of the concept, Jack Jones, did not even employ the term at his union's biennial delegate conference in July 1973 (TGWU BDC, 10 July 1973). There was, however, an atmosphere of considerable industrial and political effervescence, and the calls from trade union activists for the return of a Labour Government and the implementation of policies favourable to trade unionists were numerous. The Social Contract was rather the product of the committee rooms in both the Labour Party and the TUC. Since the deliberations in these committee rooms were shaped by outside events, it is essential to focus on this interrelation.

The content of the Liaison Committee discussions might be broadly subdivided into several distinct phases. These divisions owed as much to the development of outside events as they did the pursuit of any internal agenda. The first six meetings were largely concerned with hammering out a joint TUC-Labour Party approach to the repeal of the Industrial Relations Act. The TUC played a decisive role during this phase. If symbolic confirmation of the importance

of these discussions was necessary, the discussions coincided with a dramatic escalation of the TUC campaign against the Industrial Relations Act and the first general strike call from the TUC since 1926. The second phase of meetings covered the period from the autumn of 1972 through to the spring of 1973 when the agenda was dominated by economic issues and the Liaison Committee produced two important statements on economic policy. Once again, the discussions coincided with the development of key formative events outside the committee rooms. The tripartite economic discussions which were the symbol of the Heath Government's new attachment to 'consensus politics' collapsed with the Chequers talks in November. The Prime Minister subsequently announced a statutory wage freeze, and the TUC hardened its opposition to statutory wage policies of any description. In a third phase of discussions, the Liaison Committee returned to the subject of new industrial relations legislation and actually set down its detailed legislative priorities. This phase, however, was largely overshadowed by debates within the trade union movement on collective bargaining policy (the subject of the second part of this chapter) and the debate on industrial policy within the Labour Party between the social democratic and socialist interpretations of the Social Contract. It was planned that a fourth phase of Liaison Committee discussions would have considered economic and industrial issues in greater detail. These plans, however, were displaced by the energy crisis in the winter of 1973-1974, the miners' dispute, and the imminence of a general election. This period is the subject of the final part of this chapter.

Throughout this entire period of Liaison Committee meetings, a

number of tensions were visible and influenced the tenor of the discussions as well as their results. There was a continual tension between the PLP's agreement to pursue the industrial relations legislation as proposed by the TUC, and Jones in particular, and the TUC representatives' apparent unwillingness to agree to what the PLP representatives most ardently desired - some form of quid pro quo on pay whereby the TUC would exercise a voluntary restraint on money wage increases in return for expansionary economic policies. The TUC felt doubly constrained however. First, while they were engaged in intensive discussions with the Heath Government on economic policy, TUC leaders were necessarily cautious in their discussions with the Labour Party. This constraint was relaxed somewhat when the talks with the Heath Government collapsed, but the hardening of TUC opposition to the new statutory policy effectively precluded further PLP attempts to secure an agreement from the TUC on this front. Secondly, the TUC leadership was constrained in what it could agree on pay with the Labour Party leadership by the autonomy and sectional economic power of its affiliates. The PLP representatives felt similar constraints. Anxious constitutionalists and parliamentarians, they were loathe to pursue intensive negotiations with the TUC when the latter was heavily involved in talks with the Government. They were also wary of circumventing the clear policy-making role of the NEC as set down in the constitution of the Labour Party. The PLP representatives were to some extent caught between the representatives of the NEC and the TUC respectively; for these two could push the PLP to agree to what the Heath Government had refused.

There was also the continuous tension between the different

conceptions of the Social Contract, as advanced by socialists and social democrats. It should be emphasized that the radical conception of the Social Contract seldom surfaced in the Liaison Committee discussions. Rather, it was emerging quite independently in the subcommittees of the NEC, and only provoked major confrontations in the months leading up to the 1973 Labour Party Conference. As has already been noted, these Liaison Committee discussions took place almost uniquely at leadership level. There was, therefore, a tension between what was being discussed and the competing definitions of what would be acceptable to both party and union activists and the broader electorate. These different tensions, of varying importance according to the issue and context, surfaced on numerous occasions through the eighteen months of discussion under investigation in this section - as well as during the months preceding the 1974 election. They were sharpened, moreover, by the volatile environment in which the discussions took place. If anything, it heightened the urgency for the elaboration of an electorally credible alternative. Ironically, it was precisely because of the various ambiguities in the Social Contract project that the conflicts between the different tensions and interpretations could be submerged. The following sections will focus on the first two phases of the Liaison Committee discussions and the parallel events that shaped them: the TUC campaign against the Industrial Relations Act, the Chequers talks and the debate over industrial policy within the Labour Party.

The Liaison Committee Discussions: the first phase

The Liaison Committee was constituted in January 1972. The

first phase of discussions largely concentrated on the repeal of the Industrial Relations Act and culminated in a joint TUC-Labour Party statement in July 1972. It was appropriate that this new body should have focused on employment legislation, for the TUC had originally been created in response to the legal threats to the existence of trade unionism and the precursor of the General Council, the Parliamentary Committee, had been formed to lobby parliament in the interests of labour. Indeed, the TUC later gave birth to the Labour Party in order to ensure the existence of a more sympathetic voice in parliament (on the early political activity of the TUC, see Ross Martin, 1980).

In a seminal New Statesman article published just before the first Liaison Committee meeting in February, Jack Jones (1972) outlined the kinds of industrial relations measures he felt they should be discussing. It is worth summarizing his proposals. They effectively determined the agenda of discussions on new labour legislation and bore a remarkable resemblance to the eventual legislative output under the future Labour Government. Drawing largely from a speech that he had given to the National Conference of the Institute of Personnel Management in 1969 (Jones, 1969), Jones envisaged the replacement of the Industrial Relations Act with a number of new agencies and procedures. He advocated the creation of a voluntary conciliation and arbitration service so that trade unionists might have access to a truly independent conciliation and arbitration service. The Department of Employment's service had been compromised by Government intervention in public service disputes, especially those following its elections in 1970 (see Winchester,

1983: 166). Jones proposed measures to promote voluntary collective bargaining with provisions for statutory recognition and unfair dismissals procedures. He also recommended the operation of fair wages legislation to protect the low-paid. Finally, Jones particularly stressed the need for a major extension of industrial democracy. The impact of these proposals underlines the crucial role played by Jones in the formulation of the Social Contract. As Lewis Minkin (1978a: 406) has observed, 'The evidence of participation in the Liaison Committee discussions indicates that Jack Jones was a major source of policy initiatives, and the most powerful single voice on the committee in the discussions of the Party's industrial and prices policy.'

Although the Liaison Committee was almost exclusively concerned during this period with labour legislation, the tensions between the trade union and PLP representatives over the role of pay policy surfaced very early; indeed at the first meeting, there was some tentative jousting. When the Labour Party representatives asked the TUC to comment on the recent conclusion of the miners' dispute, the TUC drew the lesson that the Government 'could not carry through a policy of a national norm to be applied throughout the public sector and to Wages Councils' (LCR, 21 February 1972). The PLP representatives did not conceal their disquiet. They noted that 'it would not be a happy situation to approach the next Election with a rate of ten per cent inflation without specific ideas to counteract this' (ibid.).

Over the next several months, more detailed discussions continued on the nature of Jones's proposed arbitration service and the substance of the legislation that would replace the Industrial

Relations Act. The TUC played the leading role preparing more detailed documentation and responding to the queries of the Labour Party representatives. It had been agreed that they would present the broad lines of repeal legislation to the autumn TUC and Labour Party Conferences (LCR, 24 April 1972). By the end of this first phase of Liaison Committee talks, the TUC's 'shopping list' of proposed changes had been largely accepted and the basic elements of the legislative strategy were in place. The idea of implementing this strategy in three phases or bills was agreed in mid-1973.

Some of the Labour Party representatives were clearly restive about the apparent lack of TUC concessions in return for their cooperation on future industrial relations legislation. They argued that while the 'general lines' of the proposed conciliation service as well as the repeal legislation 'were becoming clear, another matter on which discussion was needed . . . was the problem of how to avoid inflation in a full employment economy' (LCR, 19 June 1972). At this stage, the PLP representatives were in a weak position to impose any quid pro quos on the TUC. On the one hand, they were to some extent 'squeezed between extra-Parliamentary and TUC pressure' (Minkin, 1978a: 337). Party policy proper, as distinct from the beliefs that prevailed within the Shadow Cabinet, differed very little from that of the TUC. On the other hand, in response to a number of policy changes that had been signalled by the Heath Government and which would later be labelled its 'U-turn', the TUC had commenced a series of negotiations with the Government to advance the blend of policies that it wished to see implemented. As Barnes and Reid (1980: 192) aptly put it, 'Jones and his colleagues from the

General Council were in the enviable position of negotiating with the Heath Government in pursuit of policies to which they would ensure the next Labour Government would be committed'.

The PLP representatives continued nonetheless in their discussions with the TUC to seek some opening on counter-inflation policy. Their efforts were no doubt encouraged by the results of a questionnaire, "Participation 72", which had been sent to all Labour Party branches. This revealed that a large number of respondents felt that pay policy was the largest gap in Labour Party policy. The Financial Times (14 June 1972) noted that this discovery 'will greatly strengthen the hands of those members of the executive, particularly Mr. James Callaghan, who have been pressing for a viable incomes policy for the next Labour Government in the party's current discussions with the TUC'.² When the Party's 1972 Conference document, 'Programme for Britain', was launched at a press conference in July, Harold Wilson expressed the hope that some kind of agreement on economic policy would emerge from future Liaison Committee discussions (Hatfield, 1978: 128). James Callaghan was more specific again: 'We also attach considerable importance to a voluntary incomes policy, with the accent on co-operation and not the bludgeon' (ibid: 129). The Liaison Committee published a Joint Statement after its July meeting which outlined the purpose of the Committee and detailed its proposals to repeal the Industrial Relations Act. It also undertook to discuss 'the wider economic and industrial policies of the next Labour Government' (reproduced in TUCR, 1972: 107).

The Campaign Against the Industrial Relations Act and the Chequers Talks

The relevance of the Liaison Committee discussions was crucially

influenced by two factors during the period: first, the escalation of the campaign against the Industrial Relations Act; and, secondly, the collapse of the tripartite discussions on economic policy and the subsequent imposition of a statutory wage and prices policy.

The interest of the Liaison Committee discussions on the repeal of the Industrial Relations Act was highlighted by an outburst of industrial conflict in opposition to the implementation of the Act. On 18 July 1972, the Prime Minister Edward Heath jointly met the TUC and the CBI to commence a series of discussions aimed at securing an accord on economic policy. These talks later culminated in the collapse of the Chequers talks in November and the imposition of statutory price and wage freeze. Government hopes of effecting a smooth shift to more consensual relations with the unions quickly evaporated, however, when on 21 July five London dockers, all TGWU members, were jailed by the National Industrial Relations Court (NIRC) - the body set up to oversee the operations of the Industrial Relations Act.

A number of disputes over the issue of containerization in the 'docks' had been seething for some months, and the resulting confrontation between the NIRC and the TGWU had been the source of considerable and prolonged tension. In the spring of 1972, two cases involving TGWU docks' members blacking goods coming from container firms had gone before the NIRC. These became known as the Heaton's and Craddocks' cases. The TGWU refused to appear in court on the basis of the TUC's policy of non-cooperation with the implementation of the Industrial Relations Act. The NIRC imposed a fine on the union which the latter refused to pay. The Court then levied a

further fine for 'contempt of court' and threatened sequestration of the union's assets if it did not pay. At this juncture, the TGWU invited the TUC to express its views on the best course of action. The TUC's Finance and General Purposes Committee (F&GPC) reviewed its policy of unions not becoming involved in the proceedings of the NIRC, and decided that where 'an offensive action was being undertaken against a union or its members', the union should have the right to defend itself before the court. Given the possibility of sequestration and the paralyzing effect that this could have on the operation of the union, it advised the TGWU to pay the fine. The TGWU executive considered the TUC advice, and very narrowly voted to pay the fine 'subject to financial responsibility being accepted by the TUC'. It also demanded that the General Council call a Special Congress 'urgently to clarify the strategy to be pursued'. The TUC General Council accepted financial responsibility, but rejected the call for a Special Congress by fifteen votes to eleven. The TGWU thus paid the fines, but it also initiated a successful appeal before the Court of Appeal. The NIRC decision to impose the fines was set aside on the basis that the union could not be held responsible for the action. It had given no authority for the original blacking, nor did the union rule book give the stewards any 'implied authority' to initiate industrial action. The companies involved then made a further appeal before the Law Lords. Meanwhile, on the basis of the Court of Appeal decision, the NIRC began to tackle the 'blackers' on an individual basis. When five shop stewards refused to observe an NIRC order to cease picketing the Midland Cold Storage Company, an East London container depot, they were sent to Pentonville Prison for contempt of court (on this sequence of events, see TGWU ECM, 1972;

TUCR, 1972: 87-93; and Moran, 1974: 138-142).

The trade union reaction was vociferous. Within a few days the country hovered on the verge of a general strike as widespread industrial action paralyzed the docks and sympathy action affected significant proportions of some other industries including engineering and newspapers. When the TUC General Council met on 26 July, it suspended its participation in the tripartite talks which had commenced only the previous week. Moreover, on the initiative of Scanlon and Jones, it called for a one-day general strike to take place on 31 July if the dockers were not released (for a detailed account of this meeting, see Paterson, 1972 and Moran, 1974). This was an important psychological hurdle. It effectively consolidated the previously wavering determination of the General Council to recommend the expulsion of individual unions which had not followed TUC advice and deregistered under the Act by the time of the September Congress. It was also the first time that the General Council had called for general strike action since 1926, albeit for the duration of a day. In the event, the immediate crisis was defused on the same day when the Law Lords overturned an earlier Court of Appeal. They ruled that the TGWU was responsible for the blacking action of its stewards (see above). In the changed circumstances, the NIRC ordered the release of the imprisoned dockers, and the TUC suspended its call for a general strike. This whole episode played a key role in uniting the divided ranks of the TUC. Its September Congress took the unprecedented action of suspending thirty-two affiliates for failure to observe the TUC policy of deregistration (TUCR, 1972: 354-368 and 341-342).

Meanwhile, the tripartite discussions on economic policy resumed. The soured atmosphere, however, meant that the prospects of achieving any accord seemed very slim indeed.

Although several tripartite meetings took place in August and September, they did not really gain any momentum until after the completion of the conference season in October (the TUC, Labour Party and Conservative Party Conferences). At its 1972 Congress, the TUC determined its initial bargaining position. The TGWU motion expressing opposition to wage restraint in any form carried the main economic debate. It was further noted that 'no consideration can be given to any policy on incomes unless it is an integral part of economic strategy which includes control of rents, profits, dividends and prices and is designed to secure a redistribution of incomes and wealth nationally and globally' (TUCR, 1972: 479). Such an approach to economic management was ultimately unlikely to find much favour with either the CBI or the Government. For the formulation of the Social Contract, however, the wording was significant. If the TGWU and the TUC could envisage a 'policy on incomes' as 'an integral part of an economic strategy', then there was indeed a basis for negotiations within the Liaison Commission on pay.

The discussions with Heath intensified through the month of October. Heath had told the Conservative Party Conference that he wanted 'the trade unions and the employers to share fully with the Government the benefits and obligations of running the national economy' (TUC, 1973: 54). At a meeting on 26 September, he had invited discussion on a specific set of proposals. These included a commitment to a five per cent rate of growth, a maximum price increases target of five per cent, a maximum limit of two pounds

weekly on pay increase and the possibility of a system of threshold pay increases when the rate of price inflation exceeded six per cent (TUCR, 1973: 274-276). The TUC responded readily with its own package of counter-proposals. Hugh Scanlon later expansively described it as something 'that no trade union movement has ever offered to a government in peace time before':

That offer was to limit wages to an agreed figure in return for the compulsory and statutory control of all prices, including food prices... in addition to something for pensioners, to do something to stop the fantastic land, rent and house speculation and...to have some meaningful amendments to the Industrial Relations Act (TUC, 1973: 83-84).

The discussions centered on the role of price controls. TUC leaders, Jones in particular, insisted on the need to control food and rent prices, and they argued endlessly on the feasibility of such controls. The Government maintained that they were impracticable. Jones insisted that they could be made to work (Interview, 16 May 1980). The Government refused to yield ground on these points, and the negotiations collapsed in a final flurry of meetings at Chequers in early November amidst Government recriminations that the trade unions were attempting to usurp its constitutional role. Following its failure to secure a voluntary agreement, the Government on 6 November 1972 announced a ninety-day statutory wage and price freeze to be followed by further stages of a statutory policy (Stage One, 1972).

In retrospect, Heath's efforts to achieve a voluntary accord on the restraint of money wage increases perhaps seemed doomed to failure. Richard Hyman (1974) has suggested that whether or not the Heath Government intended to conclude an agreement with the TUC it

was a considerable victory to maintain its participation in the discussions. The TUC participation, he argues, helped to bolster the view that irresponsible pay claims were responsible for the rising level of inflation and the country's economic problems and that 'some form of restraint would benefit both the low-paid and the "national interest"'. Certainly, the long process of negotiations and their ultimate breakdown helped to deflate some of the opposition to the announcement of the wage and price freeze. The trade union response to the policy was characterized by a high degree of acquiescence (for criticism of the TUC General Council on its muted opposition to the Heath pay policies, see TUC, 1973).

However, it might also be suggested that Heath in fact aspired to pursue a model of 'consensus politics'. In the face of virulent trade union hostility to the Industrial Relations Act, this might seem rather strange; but it was not necessarily in contradiction. The Government's hope had been that through legal intervention along the lines of the Industrial Relations Act trade unions could be induced to engage in more orderly collective bargaining procedures. Thus, the Industrial Relations Act provided for legally binding collective agreements and the NIRC adjudication of many industrial relations procedures. If trade union leaders would exert a higher degree of discipline over their members, then selected trade union leaders could prove to be very useful interlocutors in the management of the corporate state (Urwin and Murray, 1982). The apparent failure of the 'Selsdon Man' free-market policies no doubt pushed the Government more rapidly in this direction. The CBI had also been coming round to this view. Part of the impetus to find a voluntary accord on wages in fact emanated from the success of the CBI in

persuading its membership to restrain price increases over the previous year (see note 9 in chapter 2). For the CBI, this was its first real success in delivering its membership in a corporate policy, and there was no doubt a feeling that it was an initiative on which it might be possible to build.³

Heath's subsequent identification with 'consensus politics' within the Conservative Party would seem to confirm this interpretation. He explicitly attached a positive value to trade union participation in state bodies. In negotiating the creation of the conciliation service and Manpower Service Commission, for instance, he was willing to concede numerous points in order to assure a continued trade union presence (Interviews, 24 October and 16 December 1980). Heath was reported to have been deeply impressed with the West German model of trade union - government relations. After the 1972 miners' dispute, he had argued for 'a more sensible way of settling our differences (Fay and Young, 1976a). Indeed, Heath had first to make considerable efforts to persuade his own Cabinet of the value of the 'consensus approach', and he mobilized the enthusiasm of key NEDO, civil service and CBI figures in this task (in particular, Frank Figgues, the director-general of NEDO, William Armstrong, the head of the Civil Service, and Campbell Adamson, the director-general of the CBI, all played an important role in this process; see Fay and Young, 1976a; Barnes and Reid, 1980: 169-170). Very much in line with later CBI policy documents, Heath aspired to a system where central trade union leadership, managing orderly collective bargaining procedures and unencumbered by excessive sectional autonomy at the level of the shop-floor, could

meet with employers and the government each year to determine guidelines on pay in keeping with projections on prices, foreign trade and economic growth.

As was suggested in Chapter 1, this was one of a number of possible state strategies to deal with the trade union movement. In moving away from this model, the 1970-1972 experience had seemed to produce many more problems than results. The reversal of the trend towards increasing state intervention in economic activities and regulation of market relations was not as simple as had been imagined. In assuming a more interventionist and directive role after its 'U-turn' in economic policy, the pressures on the Heath Government to return to a more consensual approach were certainly growing. It was a model, however, that a Conservative Government found exceptionally difficult to construct. The TUC entertained at best a dubious authority over the sectional autonomy of its affiliates, and the authority of the leadership in many of these affiliates over shop-floor bargainers was also often limited because of the decentralized system of collective bargaining in the UK. By the same token, the central employers' organization, the CBI, probably enjoyed even less authority over its member firms. The Labour Party, on the other hand, did benefit from an organic link with the decentralized British unions. The ethos of 'labourism' could provide an important springboard from which some form of the consensus model to which Heath aspired might be built. Indeed, such a project was, in essence, the social democratic conception of the Social Contract. The problem of securing active trade union cooperation in this project and surmounting the institutional and economic difficulties was a formidable task. It was nonetheless what

many of the PLP representatives hoped to achieve in the Liaison Committee discussions.

The Liaison Committee Discussions: the Second Phase

The Joint Statement of 24 July 1972 committed the Liaison Committee to further consideration of economic and industrial policy. These discussions began in September and culminated in February 1973 with the publication of a second joint statement, Economic Policy and the Cost of Living (LC, 1973). It was approved the following month by the Labour Party NEC, the Shadow Cabinet and the TUC General Council. In tandem with the July statement outlining the provisions with which a future Labour Government would replace the Industrial Relations Act, this document basically fixed the Liaison Committee's approach to the Social Contract. Its approach to economic and industrial relations policy would change very little before the election in 1974 of a Labour Government. During this crucial second phase of Liaison Committee discussions, the familiar tensions between the PLP and TUC representatives over collective bargaining and the trade union role in any counter-inflation policy was much in evidence. On the one hand, a number of Shadow Cabinet members were convinced 'that unless trade union voluntary consent were at the centre of the next Labour Government's industrial policy, there was no possibility of coming to terms with shop-floor power' (Minkin, 1974: 34). This conviction had no doubt been reinforced by the politicization and scale of industrial conflict in opposition to the Industrial Relations Act. On the other hand, the TUC was constrained in both what it could and was willing to offer. It was limited, first, by its simultaneous discussions on pay with Heath and,

subsequently, by the implementation of a statutory policy. The possibility of the TUC reaching any agreement on a pay policy was further limited by its own policy of opposition to restrictions on wage bargaining and the autonomy of its affiliates in this area. The tensions between the differing positions of the TUC and PLP representatives on counter inflation policy continually surfaced during the discussions. The Labour Party representatives continued to seek some kind of concession on wages while the TUC representatives remained studiously non-committal.

The revealing exchange at the September meeting of the Liaison committee characterized many of the later discussions. The Labour Party representatives asked if the policies proposed in the party's recent document, Labour's Programme for Britain 1972 'would create a climate within which there could be active trade union cooperation with a Labour Government' (LCR, 25 September 1972). In response to this gentle euphemism, the TUC welcomed the policies contained in the programme, but cautioned that 'the Labour Party should not have too simple an approach to the area of wage negotiations' (ibid.). Stressing the need for the party to develop a public profile on its solutions to the problem of inflation, the Labour Party representatives asked if the TUC could be more specific about 'some of the problems in the field of wage negotiations'. The TUC responded that 'it was difficult to assess how far it would be possible to go in defining concrete problems and solutions in the field of wage negotiations'. Still hoping for something more specific, the Labour Party representatives suggested that a working party might explore these issues. Once again, however, the TUC

refused to be committed as it expressed a preference for discussions at the level of the Committee as a whole.

It was certainly difficult for the TUC to go very far in the discussion of wages policy when it was in the middle of negotiations with the Heath Government on exactly the same topic. Ironically, when the breakdown of talks with the Heath Government should have facilitated a more specific agreement between the TUC and the Labour Party, the announcement of a statutory wage freeze, with further limitations to follow, all but excluded the possibility of anything other than the very vaguest of agreements on the role of collective bargaining. It was, therefore, imperative for the Labour Party to distance its approach to wage bargaining from the statutory policies of the Heath Government. The party leader, Harold Wilson, rejected statutory policies as ultimately unworkable. Only a favourable economic climate where real wages were not falling might influence the direction of collective bargaining. That was precisely the formula that was adopted by the Liaison Committee. Although the PLP representatives continued to hope for something more concrete, political circumstances made it virtually impossible to obtain.

The November meeting of the Liaison Committee focused on the breakdown of the talks with Heath. It was agreed that the Committee should try to reach some agreement on economic policy in the near future. This was the genesis of the February 1973 document, Economic Policy and the Cost of Living. Prices policy had been a major area of difficulty in the discussions with Heath. It, therefore, became a priority item for discussion in the Liaison Committee. Possibly under the influence of their attempt to find common ground with Heath, the TUC representatives were slightly more forthcoming on the

question of wage bargaining. Conceding that further work needed to be done on the issue of wages, prices and the national income, the TUC recognized that the question 'of how these matters would be arranged between the TUC and an incoming Labour government was clearly a vital one, but it would depend to some extent on the specific circumstances of the economy at the time' (LCR, 20 November 1972).

This was precisely the approach that prevailed when the January meeting of the Liaison Committee approved the final draft of Economic Policy and the Cost of Living. The reference to a policy on wages and prices was sufficiently oblique that it was compatible with a variety of interpretations. Noting that trade unionists were as concerned as anyone else to keep the cost of living down, for they realized that 'what matters is real wages', the document cautioned that 'the problem of inflation can be properly understood only within the context of a coherent economic and social strategy - one designed both to overcome the nation's grave economic problems, and to provide the basis for cooperation between trade unions and the Government' (LC, 1973: 34). The joint statement then outlined the details of its proposed economic and social strategy or, as it later came to be called, Social Contract. Apart from the proposals for industrial relations legislation which were set out in the July 1972 statement, a wide range of measures were offered: direct statutory action on prices, especially food prices, and a permanent system of price controls; changes in the housing and rent legislation and an increase in the construction of public housing; increased public transport; tax changes that would bring about a large-scale redistribution of

income and wealth; increased pensions and enhanced social services; agreed policies on investment, employment and economic growth including a new regional policy and better training services; and a much greater democratic control and public accountability of decision-making in the economic field where joint regulation of areas such as investment and closures could be extended through collective bargaining. Intriguingly, there was no direct reference to the possibility of increased public ownership. This issue was at the time the source of much contention in the Labour Party and will be further scrutinized in the next section.

Economic Policy and the Cost of Living was in many ways a familiar catalogue of Labour Party policies. What distinguished it was its status as a joint agreement. It was suggested that the approach set out in the two Liaison Committee statements would further engender

the strong feeling of mutual confidence which alone will make it possible to reach the wide-ranging agreement which is necessary to control inflation and achieve sustained growth in the standard of living. ...it will of course be impossible to specify what will be the precise economic circumstances in which the next Labour Government will take office. Nevertheless it will be the first task of that Labour Government on taking office, and having due regard to the circumstances at that time, to conclude with the TUC, on the basis of the understandings being reached on the Liaison Committee, a wide-ranging agreement on the policies to be pursued in all these aspects of our economic life and to discuss with them the order of priorities of their fulfilment (LC, 1973: 8).

In one sense, the TUC's minimalist strategy had prevailed. As the TUC had told the Heath Government in the Chequers talks, if a government could 'get the atmosphere right' as far as prices, employment and growth were concerned, then cooperation from trade unionists on the wages front would follow (Interview, 16 May 1980).⁵

This was the approach that the TUC representatives carried forward into their discussions in the Liaison Committee. At the same time, the document clearly inferred that the PLP representatives might hope for something more once this necessary confidence had been engendered. The formula was sufficiently vague to withstand a variety of conflicting interpretations, while promising something to everyone. More significant was the willingness of the PLP representatives to promote the TUC to the status of a full partner in the determination of state policy priorities in order to secure some agreement on wages, particularly their readiness to present all other policy initiatives as a form of quid pro quo in this end. A contributory factor to the collapse of the Chequers talks was Heath's apparent objection to an alleged usurping of the government's constitutional prerogatives by the TUC. The Social Contract, as conceived in Economic Policy and the Cost of Living, did not raise any such objection. Indeed, the entire framework of its policy programme would be based on the pursuit of a model of bipartite, rather than tripartite, consensus politics.

The modus vivendi on collective bargaining as worked out in the Liaison Committee document prevailed over the next year. As the inevitable anomalies in wage differentials and relativities emerged, and the protest over the statutory pay policy then mounted, there was clearly a declining marginal return for senior trade union leaders to get involved with Labour Party leaders on the specifics of wages in any counter-inflation policy. Yet, it remained the sensitive subject of the hidden agenda. As Barbara Castle (1980: 10) recalled,

So bruised and sensitive were the trade unions that any mention even of a voluntary policy was taboo. When at one of the meetings someone dared to refer to the role of

incomes in the management of the economy, Jack Jones jumped in at once: "It would be disastrous if any word went from this meeting that we had been discussing prices and incomes policy".

Indeed, at the March 1973 Special TUC, a joint TGWU-AUEW motion pushed the General Council to take a more assertive line in opposition to the Heath Government's pay policies (TUC, 1973: 97). When reference was made to the model of Chequers and Downing Street talks at the Liaison Committee later in March, it was concluded that it would be inadvisable to stake too much on this type of endeavour, particularly as previous attempts in the field of incomes policy had been of doubtful economic and political benefit (LCR, 12 March 1973). Rather, the context in which any voluntary incomes policy might operate needed to be considered. Therefore, items such as comparability, low-pay, taxation, and the preferential treatment of wage earners as opposed to shareholders would be placed on the agenda for future discussion (ibid.)

The incomes policy issue remained so sensitive that when at the 1973 Labour Party Conference some long-time proponents of pay policy, Tom Jackson and Reg Prentice, complained that Labour's Programme 1973 lacked any clear policy on wages, neither senior trade union nor party leaders made any comment. In summing up the debate on behalf of the NEC, the Shadow Chancellor, Denis Healey, judiciously steered a wide berth insisting that the key to controlling inflation was action to control prices. However, if the next Labour Government was to accomplish a redistribution of wealth, then such a commitment, suggested the future Chancellor, inevitably led to the question of taxation policy and the existing distribution of incomes and, then, 'we are plunged immediately into the problem of incomes policy'. In

line with his parliamentary colleagues on the Liaison Committee, Healey expressed the hope that the Party might, therefore, achieve a voluntary agreement with the unions on these questions in the next phase of Liaison Committee discussions (LPCR, 1973: 117-129).

This phase of the Liaison Committee discussions was never reached. Over the following six months, the Liaison Committee also adopted a statement on 'Food Policy and the EEC' (TUCR, 1973: 315-316), but the main focus of its detailed discussions was the content and agenda of future industrial relations legislation (see Note 1 above). The discussions were subsequently deflected from their intended course by the oil crisis in the autumn of 1973 and the imminence of a general election. Thus, by March 1973, the Liaison Committee's approach to collective bargaining policy had been largely set. The PLP representatives had attempted to obtain firmer commitments on a voluntary incomes policy from the TUC. The TUC representatives, led by Jones, had often hinted at the future possibilities but refused to extend any specific commitment. Despite the PLP representatives' hopes of achieving something more on this front, the preoccupations of both the Labour Party representatives and the TUC were moving elsewhere. The Labour Party was embroiled in a crucial battle over industrial policy. It was essentially a public dispute between the social democratic and socialist conceptions of the Social Contract. The stakes were significant because industrial policy was identified by some as the most important item in the Social Contract programme. The programme agreed by the 1973 Labour Party Conference was basically that which was presented to the electorate the following year. Consideration of this debate will, therefore, complete the analysis of the formulation

of the Social Contract in 1972-1973. Meanwhile, the imposition of a statutory pay policy and the Government's invitation to the TUC to continue talks on economic policy pushed trade union preoccupations in the direction of their own collective bargaining policies. The second part of this chapter will consider some of the variations in these policies between and within the sample unions in this study.

The Labour Party and 'Labour's Programme for Britain 1973'

It should be re-emphasized that the formulation of the Social Contract was not the sole prerogative of the Liaison Committee. By the summer and autumn of 1973, the focus of much of the debate had shifted to the contents of Labour's Programme for Britain 1973 (Labour Party, 1973). At stake was the shape of the next election manifesto which would be largely based on this document. This was the occasion when some of the underlying ideological differences between the social democratic and socialist approaches to the Social Contract first surfaced in public debate. The chief protagonists in this debate were almost exclusively from the political wing of the Party. The differences centred on the Programme's specific commitment to extend public ownership in industry. In gaining control of key NEC subcommittees such as the Industrial Policy Subcommittee, the proponents of the socialist conception of the Social Contract had won their 'war of position' within the internal organs of the party. The proponents of a more social democratic conception of the Social Contract were thus forced to go public and engage in a 'war of manoeuvre'. Appropriately, this was the tactic in which the party leader, Harold Wilson, excelled. Despite their long history of policy support for nationalization, the major trade

unions affiliated to the Party remained broadly agnostic throughout this controversy. The major trade union leaders had not been closely involved in the elaboration of the Party's proposed industrial policy, and they were not keen to see party unity sacrificed over this issue in a pre-electoral period. This attitude was a key factor in the eventual conflation of the divergent conceptions of the Social Contract at the 1973 Labour Party Conference.

The most contentious issue in the public ownership debate was the proposal to bring into public ownership twenty-five of the largest firms in the manufacturing sector (Labour Party, 1973: 34). A Public Sector Group had been formed as a sub-group of the Industrial Policy Subcommittee of the NEC after the 1971 Labour Party Conference (on the Industrial Policy Subcommittee, see Chapter 2). It concentrated its efforts on plans to create a State Holding Company or National Enterprise Board as it came to be called. It reported its recommendations to the Industrial Policy Subcommittee which, in turn, reported to the Home Policy Committee of the National Executive (LPCR, 1972:42). In October 1972, Stuart Holland succeeded in convincing the majority of the NEC's Public Sector Group that the basic ownership portfolio of the proposed National Enterprise Board should consist of twenty leading manufacturing companies, one of the big three lending banks, and two or three leading insurance companies as well as British Petroleum, Rolls Royce and British Airways. When the Industrial Policy Subcommittee first considered Holland's proposal, the following month, one of the leading exponents of the social democratic view, Tony Crosland, vehemently opposed the scheme. Crosland argued that there was no point in all this bureaucratic

intervention at the level of the firm and that it would be electorally disastrous to go to the country on a platform of excessive nationalization' (Hatfield, 1978: 149).

For the socialist conception of the Social Contract, however, intervention at the level of the firm and extension of public ownership were key elements of the strategy to secure greater control over the flow of capital and organization of production. Its transformative programme to achieve socialism depended specifically on the use of the levers of state power to challenge the power of private capital through increased social ownership and control of the economy. While the social democratic view of the Social Contract might concede that there was a role for public enterprise, the proposed extension of public ownership far exceeded its conception of an acceptable balance between public and private enterprise. Indeed, it began to challenge the very notion of the 'mixed economy'. One of the fundamental incompatibilities between the divergent approaches to the Social Contract had thus surfaced. It inevitably led to confrontation.

In April 1973, the Industrial Policy Subcommittee endorsed the Public Sector Group's final draft of Holland's proposals, and the idea of a large state holding company was thus incorporated into the industrial strategy to be considered by the NEC (Hatfield, 1978: 156). Senior members of the Shadow Cabinet were immediately critical of the proposed public ownership plans. When the Shadow Cabinet met the NEC, however, there appeared to be considerable scope for a compromise. Those most closely associated with the proposals for the extension of public ownership were not particularly insistent that the number of companies envisaged be specified. Thus, at the NEC

meeting which approved the final draft of Labour's Programme, it came as a considerable surprise when the motion to delete the specific reference to twenty-five companies was narrowly defeated (Hatfield, 1978: 194). The Party leader, Harold Wilson, was furious. The next day, he issued a terse press statement noting that he would not hesitate to use his constitutional prerogative to veto the inclusion of this policy in Labour's next election manifesto.

The controversy over the 'twenty-five companies' proposal increasingly dominated the debate in the months prior to the 1973 Labour Party Conference. It was, in fact, symptomatic; for the roots of the social democrats' unease was that Labour's Programme 1973 'appeared a more Left-wing programme than many in the parliamentary leadership favoured' (Minkin, 1978a: 338). The two contrasting approaches could not have been more clearly on display than in the public ownership debate at the 1973 Labour Party Conference. For the social democrats, Roy Jenkins cautioned that the next election was far from won. He called for a 'rational and responsible' programme which did not promise more than it could achieve - particularly in difficult economic circumstances. The Labour Party might then succeed in broadening the appeal of its message beyond the 38 per cent of Labour voters (LPCR, 1973: 183-184). In stark contrast, Tony Benn agreed that the party would inherit a crisis when it came to power, but the crisis should be 'the occasion for the fundamental change and not the excuse for postponing it' (LPCR, 1973: 187). These two contributions clearly reflected the divergences which existed in the political debate over the Social Contract.

The left within the Party had been notably successful in

advancing the 'socialist' conception of the Social Contract through detailed committee work. It could therefore deal from a position of strength because the approach was already incorporated in the programme. In the words of Michael Foot, it was 'the finest Socialist Programme I have seen in my lifetime' (cited in D. Coates, 1980: 6). Ironically, that very success in the committee rooms was also a source of weakness, for the proposals had been worked out amongst a relatively narrow circle of intellectuals and activists, and secured the approval of subcommittees and committees through the interest and assiduous attendance of those involved. Trade union representatives, for instance, had not been significantly involved in the formulation of the industrial strategy. The reference to the 'twenty-five companies' was ultimately dropped from the debate at the 1973 Labour Party Conference because the large union delegations made no concerted attempt 'to push the more radical interpretations of the role of the National Enterprise Board' (Minkin, 1978a: 344). In the interest of party unity, only the motions which called for a general extension of public ownership received the support of the large unions. The reference to the 'twenty-five' companies was composited out of existence. The main motion, moved by the AUEW, remained sufficiently vague to attenuate the immediate anxieties of the 'social democrats'. It called, instead, for the 'early nationalization of important parts of the British economy' (LPCR, 1973: 170-173).

The unions were scarcely involved in the splits between left and right within the political wing of the Party during this period. At a time of crucial policy formation and the determination of political priorities for the Labour Movement, the leadership of the largest

affiliated unions, who were also the major figures in the TUC, were primarily intent on elaborating the details of the TUC's proposed industrial relations legislation and ensuring a degree of unity within the Labour Party that would inspire electoral credibility. In keeping with the strategic role enjoyed by the general secretary of the TGWU, Jones played a key part in both of these objectives. While the Liaison Committee continued to work on his initial legislative agenda, Jones worked to keep open the lines of communication between the party leadership, the unions and the political left. This was the beginning of the Jones-Foot-Wilson axis which would characterize the early years of the Social Contract in power (on the background to this axis, see Minkin 1978a: 344). Wilson was to carry the right of the party, while Michael Foot moderated the left on the NEC, and Jones ensured trade union support. This political mediation allowed the competing conceptions of the Social Contract to continue to co-exist within the same programme.

The controversy over the extension of public ownership again highlighted the reticence of trade union leaders to play an active political role in the Labour Party. The emergence of a more militant trade union leadership in the late 1960s and the early 1970s led many to believe that the Labour Party was in the throes of a fundamental transformation. However, as Ralph Miliband (1972: 374-375) wrote in 1972, 'the evidence is entirely lacking that the new Trade Union left has the slightest inclination to bring about sweeping changes in the leadership of the Labour Party'. Rather, trade union leaders, including left-wing ones, envisaged a very limited role for themselves within the Labour Party. They were 'representatives of

organized labour, involved in a bargaining relationship, notably over industrial and economic issues, with their political colleagues in the Labour Party, and not in the least as political rivals intending to capture control of the party for purposes radically different from those of the men who now control it' (Miliband, 1972: 375). As Lewis Minkin (1979: 238) has observed, prudential and ideological consideration have restrained the behaviour of union leaders within the Labour Party inhibiting a rapid left radicalization and contributing substantially to the party's cohesion. Similarly, in 1973 the major union leaders remained aloof of the policy wrangles. Dissatisfied with the performance of the Heath Government, the task at hand was to ensure the election of a Labour Government that would be sympathetic to the aspirations of organized labour. The competing claims of the social democratic and socialist conceptions of the Social Contract and how these would be incorporated in Labour's Programme were therefore subordinated to this priority. The relationship between the economic power of trade unions, its political expression and the way that these two were mediated through the Labour Party will remain central to the development of the Social Contract. First, however, for the Social Contract programme to be implemented, the Labour Party had to be elected. The third part of this chapter deals with the transformation from programme to power.

COLLECTIVE BARGAINING, INCOMES POLICY AND POLITICAL PRACTICE: THE SAMPLE UNIONS

Through the spring and summer of 1973, the imposition of statutory wage controls and the question of any further TUC participation in talks with the Government emerged as a major item on

the policy agenda of many union conferences. These debates on trade union collective bargaining policy merit closer scrutiny. They provide a first opportunity, before more detailed analysis in Chapter 4, to cast a comparative glance towards the six sample unions in this study during a period of wage restraint. Moreover, these 1973 policy debates provide an initial source of understanding on the individual union policies on collective bargaining and counter-inflation measures. Certainly, they reveal both a variety of trade union understandings of inflation and a number of specific strategies or rationalities vis-a-vis the state. They also suggest variations in policy and degree between individual unions and the constraints that these impose on individual union leaders' scope to draft common positions in their discussions both within the Liaison Committee and with the Government. This, of course, will be of central concern in the analysis of the TUC's relations with the new Labour Government in Chapter 5. Thus, these 1973 policy debates provide a first opportunity to explore the dynamics between individual union policy-making and TUC policy-making, a relationship of central concern throughout this study.

Resumption of the TUC-Government Talks

Even before the TUC's token day of action on the first of May in protest of the Government's counter-inflation policy, rumours of a possible resumption of talks between the TUC and the Government on economic policy were gaining increasing credence. Although the TUC was clearly opposed to the Stage Two policy and the freeze that had preceded it, few major pay deals had actually breached the guidelines. A number of the major public sector bargaining groups

such as the gas workers and health service ancillary workers, despite industrial action, ultimately settled within the guidelines. There appeared to be little further serious opposition on the horizon. The Prime Minister was reportedly committed to the idea of seeking an agreement with the TUC on a Stage Three. He was no doubt encouraged by the comments of union leaders such as Hugh Scanlon who had indicated that he favoured a resumption of talks if the Government was willing to show more 'earnest' than the last time (AUEW NCR, 1973: 791). The Prime Minister responded favourably in the House to reports of Scanlon's comments and reiterated over the following weeks his hope that tripartite discussions might resume (FT, 11 and 30 April 1973).

The prospect of agreement, however, appeared rather unlikely. Having previously refused to negotiate on what the TUC viewed as the two most contentious pieces of legislation, the Industrial Relations Act and the Housing Finance Act, Heath 'had nothing to offer' (Barnes and Reid, 1980: 175). However, with rising rates of inflation, the Government was not about to abandon its wages policy. Even if a further round of talks did not end in agreement, as John Elliott suggested in the Financial Times (10 April 1973), it might at least attenuate some of the potential opposition to the next stage of pay policy in the same way that the previous round of discussion had seemed to affect the responses to Stages One and Two. The TUC General Council seemed to favour further discussions but there were, of course, fears of being too closely associated with the very policies that it had hitherto opposed. The TUC, therefore, accepted the Government's May 1973 offer to conduct a series of discussions on the condition that the agenda included the restoration of free

collective bargaining and the non-operation of the Industrial Relations Act. The Government replied that it was willing to discuss any items and the discussions proceeded periodically over the course of the summer (TUCR, 1973: 283-288). Even as the talks dragged into September, the Prime Minister still maintained that 'none of the TUC proposals had been ruled out and that all were being studied carefully' (TUCR, 1974: 218).

Both the TUC participation in these talks and hostile union reaction to the Government's pay legislation featured prominently on the policy agenda of many union conferences during this period. This was bound to be the case, if only in simple terms of timing. In fact, most of the locally submitted motions which make up the agenda of annual union conferences taking place in the spring and summer are formulated no later than the early part of the year. In other words, these motions were formulated in the wake of the wage freeze which followed the breakdown of the protracted 1972 TUC negotiations with the Government. Thus, on the spring and summer conference agenda of 1973, there were numerous motions condemning the Government's anti-inflation measures and many other motions calling on the TUC to withdraw from dealing with the Government on wages policies; the latter motions, of course, referred to the TUC participation in the 1972 talks. With the resumption of discussions in 1973 they became relevant again. Individual unions were thus obliged to consider both the appropriate political role for unions vis-a-vis the Conservative Government and the formulation of alternative approaches to inflation and collective bargaining policy.

Policy Debates Within the Sample Unions: An Overview

Each of the six sample unions in this study was unequivocally opposed to the Heath Government's Stage One and Two wage policies and expressed this opposition in their respective conference decisions from April through July 1973. Three of the unions - the AUEW, the GMWU and the TGWU - also debated the desirability of continued TUC talks with the Government. The interest of these debates was certainly linked to the fact that the leader of each of these unions was both a party to the discussions with the Government in his capacity as member of the 'NEDC Six' and also personally advocated continued TUC involvement in economic policy discussions with the Government.⁶ Thus, these individual union policy debates called into question both the leader's personal authority and his relative capacity to deliver the support of his union to TUC strategy. As will be seen in later chapters, these factors are of particular significance in ultimately securing the consent of individual unions to TUC-Government agreements on successive phases of wage restraint under the Social Contract.

In the other three unions under investigation, it was perhaps assumed that these discussions with the Government would proceed in any case. Their respective conferences either did not debate the desirability of the talks or were content to express opposition to the Government's wages policy. The debates in all of the unions provide an initial basis to compare some of the similarities and differences in attitudes and policy both within and between the sample unions. In particular, these concern collective bargaining policy in the context of inflation, the practicability and desirability of incomes policies, trade union relations with the

government and, by extension, the future direction of this still imprecise pact between the TUC and the Labour Party which would become popularly known as the 'Social Contract'. The public reasoning of key trade union leaders at this time provides interesting insights into their conceptions of the economy and the state and the role that unions should play in both, particularly as regards collective bargaining policy. However implicit, these conceptions, subject to complex organizational, political and economic constraints, ultimately inform their industrial and political practice.

The debates of both the FBU and NUPE conferences reflected a considerable hostility to the operation of the pay policies. This was no doubt indicative of a high degree of bargaining frustration. Both unions had either been engaged in or were contemplating industrial action in pursuit of claims in excess of the Stage Two limits. There seemed little probability of success for either. Although the general secretaries of both the FBU and NUPE, Terry Parry and Alan Fisher, were members of the TUC General Council and, therefore, party to the decision to resume discussions with the Heath Government, the conference debates of both unions provide little evidence of overt opposition to TUC participation in the talks. Rather, there was more concern with the constraints imposed on the unions' bargaining activity by the Government's wages policy (see NUPEJ, 1973; NUPEAC, 1973; and FBUAC, 1973).

The general secretary of ASTMS, Clive Jenkins, was not a member of the TUC General Council. He did not disguise his feeling of exclusion and grievance that the leader of what was then the eighth

largest TUC affiliate did not have a representative on the General Council. This was finally remedied at the 1974 TUC. Jenkins emphasized this exclusion to the union's 1973 conference. 'We want to say to the Trades Union Congress that we thoroughly disapprove of secret talks held discreetly and anonymously with the Government.' Stressing that the agenda must be made public, he concluded that because ASTMS was not party to the negotiations it could not possibly be bound by any decisions reached (ASTMSJ, 1973, No. 3: 4). In accordance with its traditional stance on this issue, moreover, ASTMS remained a vociferous and high-profile opponent of incomes policies. Its 1973 Conference reaffirmed 'its total opposition to any form of wage restraint, whether voluntary or imposed by government statute', 'regardless of the government seeking to introduce them', and instructed the union's executive 'to completely reject any form of cooperation with such policies and to campaign vigorously for enhanced salaries' (ibid). As will be explored further in Chapter 4, this approach was entirely consistent with ASTMS's previous opposition to incomes policy and the impact that such a policy might have on the differentials of the white-collar membership that it either represented or aspired to recruit. Such an approach made any ASTMS cooperation in a joint TUC-Labour Party initiative on a voluntary incomes policy highly unlikely.

In the three sample unions which discussed TUC participation in detail - the TGWU, the AUEW and the GMWU - each of the leaders personally favoured a resumption of the talks. It is difficult to gauge whether or not the trade union leaders involved believed in the possibility of an agreement. The seriousness of the Chequers talks in the autumn of 1972 and the preparedness of the Government at least

to consider TUC policy proposals such as pension increases had certainly left a deep impression on the TUC negotiators. Indeed, Hugh Scanlon had specifically emphasized this point (TUC, 1973: 83-84). Moreover, most trade union leaders regarded inflation as a problem that had to be tackled, if only to prevent trade unions from being made a scapegoat for economic problems. Trade unionists, however, held differing views on the causes of and solutions to inflation and the role of collective bargaining therein. Such understandings had important implications for both trade union collective bargaining policy and the kind of political stance that unions adopted vis-a-vis government economic policy. Before proceeding to consider the results of the 1973 policy debates within the three largest sample unions in this study, these economic and political understandings merit closer scrutiny. They provide one of the keys to an understanding of trade union attitudes towards incomes policy.

Approaches To Inflation And Incomes Policy

Most trade unionists agreed that rapid increases in the cost of living created economic and social problems. Hugh Scanlon talked to his union conference of the 'the disease of inflation which so drastically hits working class families' (AUEWAC, 1973: 66). Trade union negotiators were especially wary of the consequent volatility of the bargaining climate. There was even more emphatic agreement however, that trade unions and their collective bargaining policies were not the prime cause of rising rates of inflation. For instance, while the 1973 TUC Economic Review expressed its concern about inflation or, as it preferred to define the problem, how the

Government could simultaneously reduce unemployment and the rate of price increases, it totally rejected the idea that the 'prime responsibility for price inflation' could be 'laid at the door of trade unions' (TUC, 1973: 12-13). This understanding was repeated and re-emphasized at virtually every union conference in 1973. It implied that collective bargaining should not have to bear the brunt of measures intended to reduce the level of inflation. However, the implications for trade union participation in the planning of wages were more complex and varied. Indeed, there were significant variations in 'trade union' solutions to inflation.

At one end of the spectrum was what might be termed the 'left free collective bargaining' approach. Quite simply, inflation was portrayed as but one of many problems generated within the capitalist system. It was argued that as long as the anarchy of the market place prevailed, production remained privately owned and controlled, and profits and prices were unplanned, then trade unionists should take no part in the planning of wages. As one TGWU activist suggested in moving the main motion on collective bargaining policy at the union's 1973 conference, 'we cannot have a statutory control on wages while we live in a capitalist society' (TGWU BDC, 10 July 1973). By extension, the 'left free collective bargaining' approach implied that there should be no controls on wages as long as the inequities of the capitalist system prevailed. The AUEW's joint Divisional Committee for Glasgow and the West of Scotland was but one of the many divisions in the union that advocated this kind of approach at the union's 1973 National Committee. Its motion was unequivocal: 'Incomes policies under capitalism do not solve the

problems of the workers ... We are therefore opposed to any incomes policy' (AUEW NCR, 1973: 94).

At the opposite end of the political spectrum, the 'right free collective bargaining' approach arrived at the same conclusion, but by way of a slightly different analysis. Its proponents argued that government interference in the free market determination of wages had not nor would not improve economic performance. Rather, such intervention resulted in inflexibility, rigidity and many differentials and relativities problems which were ultimately best resolved by leaving the collective bargaining system to operate freely. A number of white collar unions such as ASTMS had traditionally been quick to invoke this approach in defence of differentials as had some craft-oriented unions (on the need to reward skill and experience, see, i.e., Jenkins and Mortimer, 1968: 168). Thus, both 'left' and 'right' free collective bargaining approaches maintained that there was neither scope for nor merit in trade union participation in government-sponsored wage restraint or incomes policies, voluntary or otherwise.

If trade unions were not responsible for rising levels of inflation, how was this phenomenon to be explained? The different answers to this question were more varied in their implications for union participation in incomes policies. The relative balance between them was critical for the formulation of TUC economic policy, especially as regards the Liaison Committee discussions on what role, if any, unions might play in a counter inflation policy. As will be further explored in Chapter 4, an understanding of particular union approaches to inflation and incomes policy must be grounded in the organizational, economic and political realities of that union and

its leadership. This section focuses only on the possible range of approaches.

How, therefore, to explain and, ultimately, cure inflation? Most trade union policy-makers did not subscribe to 'demand-pull' theories of inflation because they advocated expansionary monetary policies and increased levels of public expenditure to maintain high levels of employment. 'Cost-push' theories were, therefore, more appealing. It might be argued that inflation was a complex process initiated either by factors outside the domestic economy such as increases in international commodity prices, currency speculation and multinational firms pricing policies or by particular domestic factors such as enhanced profit margins arising from corporate monopoly power, land speculation, and the nature of government policies on taxation, rents in public sector housing, credit and nationalised industry pricing. Trade union negotiators were consequently forced to chase prices in an effort to maintain real wages.

The question of trade union culpability in this process was more complex again. Was collective bargaining simply derivative of this process or, once the phenomenon was initiated, did unions share a responsibility for the push on costs, the consequent escalation of prices, and a perpetuation of the 'vicious circle'? Many non-trade unionists maintained that unions were a significant cause of the push on costs; some argued that the fragmented structure of collective bargaining in Britain was itself inherently inflationary. Many of the most vocal advocates of incomes policy, including a significant group within the Parliamentary Labour Party, believed that

inflationary wage pressures were the inevitable by-product of a high level of demand, to which the Party was committed, and tight labour markets, which the demand policy was designed to produce. Other economists countered, however, that inflation could not be explained on the basis of labour market activity; rather it was a question of monetary and/or credit policies. This study is not designed to resolve these issues. They were in the mid-1970s, and indeed continue to be, the source of lively debate among economists (see Chapter 1; also Balogh 1970b; Brittan and Lilley, 1977; Jackson et al, 1975; and Trevithick, 1977). What is important for the purposes of this discussion is that particular understandings of the process of inflation by trade unionists implied different courses of action in the resolution of the problem.

There was fairly common accord amongst trade unionists in this period that a solution to inflation entailed action on prices. For instance, the TUC document 'Collective Bargaining, Prices and Social Priorities', submitted to the Government in July 1973, suggested that 'All prices must be legally and rigidly controlled' and that this would entail subsidies for food and housing prices (TUCR, 1973: 377-383). Equally, it was recommended that investment income should be subject to more stringent taxation policies in order to shift wealth, stop property speculation and monopoly profits, and provide increased revenue for price subsidies and higher pensions. However, were such a policy to be implemented, there were slightly different views on the appropriate role for trade unions. For a free collective bargaining approach, once this kind of policy package was implemented, the rate of increase in money wages need not be large. Perhaps, as was to be suggested by the TUC during the first year of

the 1974 Labour Government, there would not be scope for increases in real wages. Alternatively, wages might increase in relation to either the prospects of the firm or an overall economic assessment. There was no doubt a sanguine optimism that under conditions of voluntary collective bargaining wage bargainers would respond positively to this kind of policy package and exercise restraint when the situation merited it. The TUC representatives adopted exactly this approach in the Liaison Committee discussions. As Jack Jones suggested, if the atmosphere was right on prices, employment and growth, then cooperation from trade unionists on the wage front would follow (Interview, 10 May 1980).

However, a number of prominent trade unions leaders, including some within the Liaison Committee, felt that trade unionists and the TUC must be prepared to go further than this. Alf Allen, the General Secretary of the Union of Shop, Distributive and Allied Workers (USDAW), for instance, told the 1973 Special TUC: 'I do not believe we can abandon our commitment to the planning of the growth and the distribution of money incomes within our general strategy for the expansion of the economy (TUC, 1973: 76). Similarly, Frank Chapple, the General Secretary of the Electrical, Electronic, Telecommunication and Plumbing Union (EETPU), bluntly asked what trade unions were willing to do in return for the application of the TUC's recommended policies? He suggested that 'it surely cannot be reasonable to insist on totally unrestricted voluntary collective bargaining' while demanding control of key prices, increased social benefits and action to raise the earnings of the low-paid (ibid: 87). Tom Jackson, an outspoken advocate of incomes policy and the leader

of the Union of Post Office Workers (UPW), later renamed the Union of Communications Workers, saw

no merit in the slogan: 'Back Free Collective Bargaining', because collective bargaining is not free, and has never been free as far as public service workers are concerned. It is not collective, because we will not do it together. It is not bargaining, unless you have enormous industrial strength to back up your arguments. There is nothing marvellous about free collective bargaining. It has got nothing to do with Socialism. It is a complete acceptance of the capitalist ethos. . . Free collective bargaining means poverty for many people in this country, and it is time that we stopped pretending that free collective bargaining has cured any of our particular problems (ibid: 93).

David Basnett, General Secretary of the GMWU, suggested to the 1973 TUC that, in order to maintain economic growth, the voluntary collective bargaining system could respond to long-term economic problems such as the low rate of investment by defining bargaining priorities. There was particular scope, he suggested, for an expansion of the TUC coordinating role in this respect (TUCR, 1973: 511). He had earlier told the 1973 GMWU Congress that the TUC should play a greater role in advising affiliates on collective bargaining policy (GMWUAC, 1973: 373). A number of TUC public sector affiliates did favour an enhanced TUC role in the coordination of public sector bargaining (TUCR, 1973: 520-521). However, the inclination of autonomous TUC affiliates to submit to a greater degree of TUC coordination and regulation must be understood in the light of the particular structure of a union, its collective bargaining arrangements, and prevailing conceptions of trade union political practice, particularly as regards its links with political parties and the state.

One of the basic conflicts in this debate concerned the merits of free collective bargaining. In many respects, the different

approaches reflected profound philosophical differences about the practice of trade unionism itself. On the one hand, there were a number of trade union leaders, especially those associated with the development of the shop steward movement in the engineering industry in the post-World War Two period, who suggested that free collective bargaining was at the very basis of political and industrial democracies. Thus, Jack Jones told the 1973 TUC: 'Unions must be free to represent their members. Restrictions and restraints on their efforts are characteristic of Fascist society and are intolerable to a free trade union Movement (TUCR, 1973: 512). Similarly, in addressing the question of industrial democracy, Hugh Scanlon (1974: 245), wrote: 'Not only must all restrictions on free collective bargaining be removed, but the structure of bargaining must correspond to reality by giving more power and responsibility at shop floor level. This is a basic issue of industrial democracy.' This particular vision of autonomous workplace organizations operating largely independently of either government restriction or centralized union interference was not easily reconciled with a view of more centralized trade union organizations coordinated under the umbrella of a TUC collective bargaining policy. As will be further explored in Chapter 4, many who espoused the former view of trade unionism had long struggled against a system of national, industry-wide negotiating machinery and fought for the devolution of bargaining power within their own unions in order that shop stewards could effectively negotiate wages and conditions at the workplace (see, i.e. Urwin, 1973: 3-4). They, therefore, maintained that free collective bargaining was the very basis of the rights to associate

and to be directly involved in the determination of rates of pay and conditions of employment.

Conversely, the notion of greater TUC coordination of union collective bargaining policy was supported by many other trade union leaders, particularly, but not exclusively, those in the lowest-paid sectors of the economy. They maintained that there was no justice under free collective bargaining for the weakly organized in the labour market. Moreover, many groups of workers such as those in the health service and public utilities could not realistically use their industrial muscle because of the adverse consequences on the public. They also argued that government intervention was inevitable in many sectors. As Derek Gladwin, a GMWU Regional Secretary, expressed this view to his union's 1973 Congress: 'If intervention is inevitable, then let it be intervention by our own people, implementing a policy that we had a hand in framing (GMWUAC, 1973: 375-376). The implication was, of course, that the TUC should have greater power and influence over the collective bargaining policies of its affiliates and, ultimately, develop its own policy on incomes.

Political Rationalities

In dealing with the direction and variations in trade union collective bargaining policy and their implications for TUC discussions on economic policy with the Heath Government, within the Liaison Committee and, eventually, with the next Labour Government, the previous section proposed and attempted to document a number of distinctions. These included differing views on the process of inflation and the role of collective bargaining therein; whether there was scope for any form of incomes policy; whether the role of

the TUC in the collective bargaining activities of its affiliates should be *laissez-faire*, mildly interventionist, or highly dirigiste; and certain philosophical differences inherent in contrasting approaches to trade unionism. In terms of these varying understandings of trade union industrial and political practice, it is possible to make one further distinction. Simply, should trade union leaders negotiate and deal with all governments, only with Labour governments or with no governments whatsoever? Some trade unionists vehemently rejected the possibility of an agreement with any government on economic policy, whatever its colour. In contrast, others felt that it was necessary to negotiate with whatever government was in power. Still many other trade unionists suggested that it might be possible to reach some kind of agreement on economic policy, perhaps even on incomes policy, with a Labour government, but not with a Conservative government. Of course, there were numerous sub-variants on these positions. Some felt, for instance, that it was possible to negotiate on some items with certain governments, but not on other items. Thus, some of the proposals that might be offered to a Labour government should not or could not be offered to a Conservative government. This range of variations, in fact, introduces the question of different trade union understandings of and strategies towards the state. Certainly, these were readily apparent in the different union debates over whether or not the TUC should be engaged in discussions on economic policy with the Government.

As was noted above, three of the sample unions in this study - the AUEW, the GMWU and the TGWU - in fact debated this question at their 1973 delegate conferences. Their leaders personally

recommended TUC participation in the talks. Their reasoning and the opposition to their recommendations provide some insights into the different understandings among trade unionists of the role of trade-unions vis-a-vis the state. Moreover, the results of these debates also merit brief consideration. The ability of the leaders of the three largest TUC affiliates to win support for TUC strategy is an interesting comment on the particular organizational and political features of their respective unions as well as a key indicator of the variations in affiliate support for TUC policy - a central theme in subsequent chapters. Significant variations in their respective positions were likely to affect the overall direction of TUC policy; if only because these three unions represented 38.1 per cent of the ten million TUC members in 1973 (calculated from the 'Statement of Account', TUCR, 1974: 477-625). A significant change in approach to economic policy in any one of the main sample unions could, thus, possibly shift the direction of TUC policy.

Many TUC leaders had been impressed by the potential of their previous discussions with the Heath Government. They certainly appreciated the Government's clear commitment to pursue a policy of economic growth. Sir Sidney Greene, Chairman of the TUC Economic Committee, noted that it was a policy to which the TUC had been committed for many years and was, therefore, 'an acceptable basis for discussion [with the Government] on the economy' (TUCR, 1973: 506). The arguments advanced in favour of continued TUC participation in talks with the Government were perhaps indicative of prevailing trade union understandings of their relations with the state, as were the arguments deployed by union activists against continued

participation. Several distinct rationalities emerged from the debate. However, it must be emphasized that, in practice, these rationalities were completely interwoven in trade union discourse - more often pursued simultaneously than exclusively, in terms of mutual contradiction rather than logical compatibility.

Most visible in the argumentation of the leaders of the three largest sample unions was a representational rationality. They suggested that the TUC had a duty to deal with whatever government was in power. David Basnett, for instance, stressed to the 1973 GMWU Congress that the union movement had a dual purpose: 'it is to represent our members as workers in industry it is also to represent our members as citizens (GMWUAC, 1973: 387-388). The union must therefore, he argued, deal with the Government in order to express its opposition to the policies to which it was opposed. Similarly, Jack Jones noted to his union's Biennial Delegate Conference that the leader of the TGWU had a responsibility along with the TUC to put the union's case to the government of the day (TGWU BDC, 10 July 1973). Thus, there was a representational role incumbent on the TUC; it was to represent trade unionists as citizens in the political sphere. Expressing what might be termed a more adversarial, indeed instrumental, rationality, Jones argued, moreover, that trade union members' standard of living could not be determined by negotiations with employers alone. 'We do have to bring our weight to bear on the government of the day, to put our case and to negotiate' (ibid.). Jones added that you can never get a wage increase by standing outside the door. Thus, talking with governments was, in this sense, an extension of the collective bargaining relationship to the level of the state. Jones emphasized:

'just as we present our case to employers of labour, we pull no punches, and I do not pull any punches with this crowd [the Government]. I hate them as much as you do' (ibid). Moreover, in strictly instrumental terms and as in most bargaining relationships, there was the prospect of gains. If the talks failed, then it would be because the Government was unwilling to negotiate. As one speaker suggested in the TGWU debate, it was wrong to tie the hands of the General Secretary, 'let them go in and get what they can for us. . . even if it is with the Tory Government' (ibid). Hugh Scanlon, President of the AUEW, also invoked these representational and instrumental rationalities. He suggested that participation in such talks was contentious, but nonetheless politically necessary. Speaking to the AUEW National Conference, he said that

'there is a responsibility on the trade unions to respond to invitations, even to initiate discussions with the Government of the day, whatever its colour, for a refusal to do so could provide the greatest excuse for any Government to proceed with outrageous policies on the grounds that the trade unions were unwilling to search for a common solution' (AUEWAC, 1973: 68).

Thus, not only might something be gained, but damage might also be forestalled. In this sense, instrumental strategies could be minimal as well as maximal.

There were also social democratic rationalities. Indeed, as has previously been argued, attachment to the Labour Party and the ethos of 'labourism' exert complex and powerful determinations on the political and industrial practice of British trade unions. This study is in part designed to investigate these determinations and the question of social democratic rationalities will figure prominently in subsequent chapters. At their 1973 conferences, the TGWU, AUEW

and GMWU all carried motions which called for the return of a Labour government at the next general election. Ironically, the task for the exponents of talks with the Government in this case was to convince union activists that talks with the Heath Government would not demobilize trade union members, loosen links with the Labour Party and reduce the chances of an early return of a Labour government. Opponents of TUC participation in talks with the Government at 1973 union conferences frequently invoked a social democratic rationality in order to win support for their motions. In opposition to the position of the General Secretary at the GMWU Congress, for instance, a motion called for an end to the meetings with the Government because 'they lead to an identification with Tory aims and a backlash when agreement cannot be reached (GMWUAC, 1973: 376). Similarly, the opposition motion at the TGWU Biennial Delegate Conference completely rejected 'any cooperation with the Government' and called 'for the united efforts of the trade union movement to remove this Government and work for the return of a Labour government' (TGWU BDCM, 1973: 9). A comparable motion at the AUEW National Committee from the Joint Divisional Committee for the northeast region recommended rejection of any talks with the Tory Government and the exertion of pressure to remove the Tory Government and establish a Labour Government committed to 'socialistic policies' (AUEW NCR, 1973: 110).

This specification of 'socialistic policies' merits closer inspection, for it qualified the language of loyalism that was so often associated with the common identification of trade union political practice and Labour Party electoral interests. Social democratic rationalities, primarily in terms of loyalty to the Labour

Party, had often been invoked in the past by various trade union leaders seeking to rally the support of union members and union policy-making forums to Labour governments. In the case of the 1960s incomes policies and proposals for new labour laws, for example, this loyalty came under increasing strain (see Panitch, 1976). The disaffection with the performance of the 1960s Labour government stimulated the articulation of what might be called a transformative rationality. The simple election of a Labour Government, according to this view, was not sufficient in trade union political terms; it must also be committed to the pursuit of socialist policies. This rationality was certainly at the heart of what has been described in the previous chapter as the socialist conception of the Social Contract, a veritable transformative strategy. Within the Labour Party, this approach was articulated primarily in the work of the sub-committees of the National Executive.

As was argued in this chapter, the programmatic proposals of a socialist conception of the Social Contract surfaced at the 1973 Labour Party Conference to conflict with the more social democratic approach espoused by many in the leadership of the Parliamentary Labour Party. These latter maintained that such an explicitly transformative approach was neither electorally viable nor practicable. In trade union policy terms, apart from conference motions in favour of commitments to the extension of public ownership and the pursuit of a more rigorous industrial strategy, this transformative rationality was expressed in resolutions specifying that a future Labour Government should be pledged to a socialist programme. This explains the apparent paradox of trade union

activists debating motions calling for a socialist party to pursue 'socialist policies'. It was, of course, a political code implying criticism of previous manifestations of social democratic rationality. If priority was no longer to be the language of socialism, then at least language might be the priority of socialism? Thus, at the 1973 Conference of the AUEW, a motion calling on the union's executive to work for the return of a Labour Government was successfully amended, by forty-one votes to twenty-seven, to add that Labour Government should be 'pledged to implement a real socialist programme' (AUEWAC, 1973: 91). Similarly, the unsuccessful opposition motion at the 1973 BDC of the TGWU specified that the Labour government, for whose return it called, should be 'pledged to act in the interests of the working class through socialist policies' (TGWU BDCM, 1973: 9).

Opposition to the TUC talks with the Government was also manifested in terms of an oppositional rationality. In contrast to the espousal of a representational conception of the trade union role vis-a-vis the state, an oppositional rationality implied that there was no benefit for trade unionists to become involved in the administration of state policies. Indeed, such participation might ultimately compromise the ability of union leaders to act independently in the economic and political interests of their members. As the future leader of the Technical and Supervisory Section of the AUEW (TASS), suggested to the 1973 TUC, 'If the Government is in such a bloody mess', it is not 'the duty of organized workers to discuss their problems with them and to set. . . [them] on the right path' (TUCR, 1973: 513). An oppositional rationality implied that there was little or no scope for economic

agreement with government under the existing social system. The principal task was, therefore, to seek a social transformation. Thus, the Engineering Union's joint Divisional Committee for Glasgow and the west of Scotland suggested in its motion to the National Committee 'that only the emergence of a Socialist Society can solve the problems of the workers of this Country' (AUEW NCR, 1973: 94).

The arguments both for and against TUC participation in the talks demonstrated an intriguing interweaving of rationalities. The three leaders concerned advocated continued talks. Therefore, they identified the interests of their members in varying blends of representational, adversarial and instrumental rationalities. Opponents of the talks could, of course, invoke an oppositional rationality. However, they could also make an implicit link with social democratic rationalities and the language of loyalism, at least inasmuch as it could be argued that trade union political activity was better harnessed in joint action with the Labour Party than in talks with the Conservative Government. Clearly trade union leaders in favour of these talks could not argue that they were doing so in order to boost the chances of the Labour Party in the next General Election. Rather, it was in terms of that rationality that, in addition to the talks with the Government, they simultaneously called for support of the work of the Liaison Committee, a support which came without challenge in all of the sample unions.

The Policy Debates and Their Impact on TUC Policy-Making

What then was the result of this competition between different rationalities? In the three major unions where the debate took place, two out of the three, the TGWU and the GMWU, supported the

TUC's participation in the talks. In the GMWU, there was little opposition apart from the existence of the opposition motion itself (GMWUAC, 1973). In the TGWU, according to an estimate of the Financial Times (11 July 1973), the opposition motion was defeated by a margin of three to one. The AUEW National Conference narrowly voted, by thirty-five votes to thirty-three, against continued TUC presence in the discussions (AUEWAC, 1973: 80-81). These results roughly mirrored what transpired at the 1973 TUC where, by a margin of 6.8 million to 2.7 million votes, a similar motion was defeated (TUCR, 1973: 512-531). How are the results of these debates within individual unions to be explained? Was it simply a question of the deployment of more persuasive argumentation? Although unlikely in itself, even if this was the case, why did comparable arguments appear to be more persuasive in some unions than others?

The answers to these questions must be located in a closer scrutiny of the particular unions concerned. Such scrutiny is the intent of subsequent chapters, particularly Chapter 4. How particular union conferences come to the policy conclusions that they do will be of central concern in Chapters 7 and 8. However, it would seem apparent from the above discussion that the results of particular policy debates, especially those concerning the key question of collective bargaining policy, must be understood in the context of the specific organizational and political features of these three unions. A defeat, it should be emphasized, for the General Secretary of either the TGWU or the GMWU on this or any other motion which they had endorsed in strong personal terms would have constituted a major reversal of tradition. A recommendation from the

platform at both union conference was rarely defeated (see Undy, 1978: 56; Clegg, 1979: 211). However, in the AUEW, where there exists a complex network of factional, political alliances and the possibility of the institutional expression of opposition at a number of levels within the union, the recommendations of its leaders were more often defeated (see Minkin, 1978: 175-206; Undy, 1979; and Undy et al, 1981). Whereas Jack Jones and David Basnett could be relatively confident of winning the support of their respective policy - conferences, the inability of Hugh Scanlon to convert his union's policy body to his recommended approach was evidence of the greater political constraints imposed on the president of the AUEW by the structure and culture of his union.

The debate within the AUEW was complex. The combination of the factional system operating in a decentralized and multi-tiered system of government provided, what Lewis Minkin (1978a: 176) described in an excellent case study of the role of the Engineers in the Labour Party Conference, as 'a remarkable recipe for institutionalized conflict about what constituted the will of "the membership"'. Relations between the factions were seldom cordial and often internecine, and these divisions permeated the many elected decision-making bodies within the union. Relations between these often autonomous bodies were governed by a detailed rulebook. Thus, attention to procedure was elevated to a veritable theology, replete with controversies of interpretation worthy of any religious scripture. This political culture, of course, affected relative calculations as to how 'to play' certain issues. This was particularly the case with the meetings of the National Committee and National Conference since the President and Executive Council were

formally in the position of interpreting and acting upon the decisions of these policy-making bodies. Thus, the relative scope for subsequent manoeuvring on the part of the union's leadership was crucially subject to the timing, precise content and tenor of policy decisions.

Feelings against the Heath Government were sufficiently strong and the balance within the National Committee such that a motion was passed at the April 1973 meeting of the Committee which urged the TUC not to participate in 'any discussions with the Government on any form of wage freeze' (AUEW NCR, 1973: 204-205). However, after this decision, Scanlon maintained that since he had no intention of negotiating a wage freeze he felt free to participate in discussions with the Government (FT, 12 April 1973). Two months later, at the union's National Conference, he elevated the issue to a point of principle. 'If . . . this Conference decides that the talks should not proceed, then it is inconceivable that the President of the Union could be present' (AUEWAC, 1973: 72). An amendment designed to delete the reference to 'withdrawal from the talks' in this substantive motion was defeated by thirty-five votes to thirty-three with one abstention (ibid: 80-81). Scanlon later confirmed that he, therefore, would not participate in any further TUC talks with the Government (FT, 21 June 1973). There was some acrimony within the Engineering Union over this interpretation. Keith Harper reported in the Guardian (21 June 1973) that the decision stunned delegates, especially as hardly anyone during the debate had talked about calling off the talks completely. Many of the 'left' delegates had in fact argued that the motion need not preclude Scanlon's

participation in the talks (FT, 21 June 1973). Formally, at least, Scanlon was participating in the talks as a representative of the TUC General Council and not in his capacity as President of the AUEW. A prominent 'moderate' member of the executive, obviously delighted with the discomfiture of the 'left' on this issue, suggested that the National Committee delegates propose an amendment if they wanted the union represented at Downing Street (FT, 21 June 1973). Another executive member on the 'left' later accused Scanlon of 'political jingoism', suggesting that he had deliberately placed an eccentric interpretation on the motion (Interview, 18 March 1980).

In contrast to the apparent political homogeneity of the two general unions, the TGWU and the GMWU, such factional and organizational battles were typical of the AUEW. Clearly, these types of internal political, cultural and organizational factors were bound to affect the kind of initiating, intermediary and constraining roles that each of these major trade union leaders would play in both the early formulation of the Social Contract and its subsequent development in the form of successive phases of voluntary wage restraint.

The actual mechanisms of conference defeats and victories, particularly those concerned with collective bargaining and pay policy, will be the object of much more detailed scrutiny in subsequent chapters. For now, it is simply worth noting the implications of the above observations on individual union collective bargaining policy and policy-making for TUC policy-making. There was clearly a complex interrelation between the dynamics of individual union policy-making and collective bargaining behaviour, on the one hand, and TUC policy-making and political mediations, on the other.

The significance of these interrelations for the development of the Social Contract incomes policies should become increasingly apparent. They are, of course, a central object of interest in this study.

This kind of interrelation was certainly apparent in the 1973 TUC decisions on collective bargaining and counter-inflation policy. As noted above, a marked difference in emphasis separated the approaches of the GMWU and TGWU to collective bargaining and anti-inflation policy. The GMWU executive's motion to its 1973 Congress expressly urged the TUC to determine its own guidelines 'for a prices and incomes policy within the context of greater social justice and economic expansion' (GMWUAC, 1973: 368). The TGWU executive, on the other hand, at the union's BDC expressed opposition to 'statutory control of wages, or interference with collective bargaining' (TGWU BDCM, 1973: 9). The GMWU leadership had previously demonstrated its willingness to mention the words 'incomes policy' in the context of TUC and Labour Party discussions. The TGWU leader, on the other hand, appeared to be strongly opposed to any interference with collective bargaining. These were quite different signals as regards what a future Labour Government might anticipate in terms of trade union cooperation on incomes policies. Yet, significantly, these apparently contradictory positions did not prevent the two unions from moving and seconding the same composite motion on precisely this issue in the 1973 TUC economic debate.

The original GMWU motion to the 1973 TUC welcomed the Liaison Committee initiative on inflation and urged the TUC 'to determine and publish its own guidelines for a social and economic policy within the context of greater social justice and economic expansion' (TUCR,

1973: 635). Jack Jones apparently persuaded the TGWU executive to amend the GMWU motion (according to a senior TGWU official, Interview, 5 August 1981). This enabled the TUC to maintain a semblance of unity on a very delicate issue. The TGWU proposed the addition of the phrase 'combined with a restoration of voluntary collective bargaining' to the GMWU's call for 'a planned growth of real incomes'. It also replaced the GMWU's suggested plan for the TUC to publish guidelines for a social and economic policy to combat inflation with a simple endorsement of the work of the Liaison Committee in this area (ibid: 636). Jones and Bassnett, key figures in the Liaison Committee's work, were thus able to attach their unions' joint stamp of authority to a motion on collective bargaining and counter-inflation policy. It was widely endorsed at Congress and became the consecrated trade union formula on the subject. The delicate wording, of course, reflected the same kind of modus vivendi that had prevailed, albeit uneasily, within the Liaison Committee.

What precisely was the TUC policy? The TUC was agreed that the problem of inflation could only be tackled 'within the context of a coherent economic and social strategy'. It, therefore, favoured 'a planned growth of real incomes', 'a restoration of voluntary collective bargaining', and, on the basis of a strong feeling of mutual confidence arising from discussions within the Liaison Committee, early negotiations with the next Labour Government to conclude 'a wide-ranging agreement on the policies to be pursued. . . and the order of priorities of their fulfillment' (TUCR, 1973). Such a formula was, of course, sufficiently vague to withstand a variety of interpretations. There was just enough to whet the appetites of Labour Party politicians looking for an incomes policy accord, but

not enough to offend any vehement advocates of free collective bargaining. There was, indeed, a wide variety of interpretations as to what such a future agreement with the next Labour Government might entail; as were there some doubts about its advisability in the first place.

This section has attempted to indicate that such a modus vivendi reflected a more complex balance of forces than a simple dichotomy between the approach of the PLP leadership and a number of leading trade unionists. There were numerous differences within and between TUC affiliates. Although British trade unionists were not necessarily guided by any global conceptions of the economy and its operation, there were a number of important differences in their understandings of inflation, collective bargaining and the appropriate role for the TUC therein. Equally, there were also marked differences in their relative emphasis on different rationalities of trade unionism vis-a-vis the state. All of these conceptions informed and shaped attitudes to incomes policy. It has been argued that any comprehension of the interaction of these different conceptions and attitudes to incomes policy must be grounded in a more detailed scrutiny of the complex, material circumstances of individual unions. The dynamics of their collective bargaining policies must be linked to their relative organizational and political constraints. The analysis of these internal dynamics of incomes policies in the sample unions in this study is the subject of Chapter 4. As regards the development of the Social Contract in 1973, however, the relative policy flexibility available to the TGWU and GMWU General Secretaries enabled them to propose what appeared to

be a common approach to collective bargaining and counter-inflation policy. This approach received overwhelming TUC endorsement. However, the balance of opinion on collective bargaining policy both within the TUC and within and between the sample unions in this study was far more complex. Many of the ambiguities in the TUC collective bargaining and counter-inflation policies were soon put to the test. A miners' dispute during a crisis in the supply of oil from the Middle East sparked off a remarkable chain of events. By March 1974, the TUC had voluntarily agreed to exert greater influence over the wage claims of its affiliates. A minority Labour Government, campaigning on the basis of its 'Social Compact', had also been elected. These events are the subject of the final part of this chapter.

FROM PROGRAMME TO POWER

The period from October 1973 to March 1974 witnessed a remarkable economic and political transformation in Britain. Relative optimism about the economy gave way to an acute industrial and political crisis. In the context of rapidly rising energy prices and a major international oil crisis, the National Union of Mineworkers embarked on its second national industrial dispute in two years. The Government responded by declaring a National Emergency and placing most of the economy on a three-day working week. TUC leaders were sufficiently anxious about the political implications of the dispute to offer to moderate substantially their opposition to the Government's statutory pay policy in return for concessions to the mineworkers. With the NUM and the Government deadlocked in a major industrial confrontation, the Prime Minister, Edward Heath,

called an election in an attempt to renew his mandate and settle the dispute on his own terms.

The politicization of industrial conflict which had developed through the campaign against the Industrial Relations Act, thus, reached new heights. At issue, it was argued, was who governed Britain: the trade unions or the state? As prices were rising rapidly, counter-inflation policy also became a major issue. In contrast to the conflict over the Heath Government's incomes policy, the Labour Party offered a more consensual relation with the unions. A Labour government, it promised, would secure the voluntary cooperation of the trade unions to curb rising prices on the basis of a 'social contract'. By the narrowest of margins, a minority Labour Government assumed power in early March.⁷ For the Social Contract, whatever the ambiguities between social democratic and socialist conceptions, the transformation from electoral strategy to government programme was complete.

This part of the chapter does not fully document this remarkable series of events. Rather, it outlines the context in which this transformation took place. In particular, it focuses on the TUC's offer to the Government to influence the formulation of affiliates' wage claims during Stage Three in return for a settlement of the political and industrial crisis. At the same time, the TUC remained unwilling in discussions with the Labour Party to clarify what role it might play in any Social Contract counter-inflationary policy. The tension between these two positions was awkward. On the one hand, the 'crisis' highlighted the TUC's potential intermediary role between state power and the sectional power of its affiliates.

Yet, there were definite, albeit imprecise, limits on the extent to which the TUC might infringe on the bargaining autonomy of its affiliates. On the other hand, it seemed that there was still scope for concessions on pay bargaining under a future Labour government.

Stage Three

Although Edward Heath had maintained that he was prepared to consider any and all economic proposals, the options available must have seemed more limited. It was unlikely that an incomes policy would be easily abandoned. The economy was expanding rapidly and the rate of unemployment had experienced a remarkable decline over the course of 1973. From a high point of 4.1 percent in early 1972, unemployment had declined successively to 3.4 percent in November 1972 and to 2.2 percent in November 1973, its lowest level since 1967. With the number of job vacancies only sixteen thousand less than the number of unemployed, the level of unemployment was nearing the conventional economic definition of full employment (statistics obtained from DE Gazette December 1973: 1298-1315). Pressure on wages was therefore likely to increase. In addition, the targets which had been set for average wage increases over the first two stages of the Heath pay policies had been dramatically overshot. As opposed to the target of 7.5 percent, the index of average earnings for all employees indicated a 12.3 percent increase over the year to November 1973. Over the same period, retail prices had risen by 10.3 percent. By the autumn of 1973, the UK economy was in the full throes of what has been called the 'Barber boom'. In the second half of 1973 the money supply was expanding at an annual rate of 30 percent (Glyn and Harrison, 1980: 86). Predictions that the growth

in gross domestic product would run at three and half percent or more further confirmed the buoyant state of the economy. The CBI's November 1973 Industrial Trends Survey indicated a general 'buoyancy in production, orders, employment and investment, with strong trends in exports experienced and anticipated (BJIR Chronicle, March 1974: 128). With hindsight, a NEDO analysis of October 1973 on the short-term prospects for the economy possessed an almost touching optimism in its examination of the potential problems created by the very rapidity of the upturn in economic activity (NEDO, 1973). An internal document prepared by the TUC Economic Department generally shared this optimism (TUC ECD, 8 October 1973).

The immediate problem for the Government, therefore, was to design an incomes policy that could hold down wage increases, but was sufficiently flexible to cope with both the upward pressures created by tight labour markets and the frustrations already engendered by a year of statutory control. Not surprisingly, the Government had little success in its attempt to reach agreement with the TUC; on 27 September it announced that it would publish its own proposals as the basis for future discussion (TUCR, 1974: 218). Thus, the Government declared its intention to proceed unilaterally. On October 1973, it published a very detailed and sophisticated set of provisions as the basis of Stage Three of its statutory policies. These included a choice of either seven percent, or two pounds and twenty-five pence in wage increases with a limit of three hundred and fifty pounds per person per year; an additional one percent possible increase for changes in pay structures with other payments permitted for genuine productivity increases; threshold payments on the basis of a flat rate increase for every percentage point increase in the Retail Price

Index greater than the anticipated rate; and, finally, some reserve flexibility to deal with special cases (Stage Three, 1973). Although the TUC was critical of the proposals and maintained its opposition to statutory controls on collective bargaining, the new provisions came into operation in early November.

The Miners' Pay Claim and the Oil Crisis

In preparing its Stage Three provisions, the Government had been particularly wary of possible confrontations with powerful bargaining groups. One important defeat might ensure the demise of the policy. Barnes, who was a senior member of the Department of Employment staff at that time, notes that private talks were held with officers of trade unions 'whose power and militancy might provide the most serious threats' (Barnes and Reid, 1980: 176). The policy had to be flexible enough to contain the demands of special groups, especially the miners and electricity supply workers. Indeed, the origins of the Government's 'U-turn' in economic policy were generally attributed to the success of the miners in breaching the public sector pay limit in February 1972. On the day that the 1972 miners' strike ended, Heath was reported to have said: 'We have to find a more sensible way of settling our differences' (ibid.: 155). The irony of these elaborate preparations for Stage Three was that the Government was to lose office in its defence of the guidelines against the miners. According to the investigations of Fay and Young (1976a), Heath believed that a secret July 1973 meeting with Joe Gormley, President of the NUM, had laid the basis for a settlement with the miners in the winter to come. The miners would be awarded a special payment for their 'unsocial hours'. When the National Coal

Board made its offer to the NUM in October 1973, it included all that the Government intended to offer. The NUM rejected it in the belief that something more would be forthcoming (Fay and Young, 1976a). Instead, the NUM declared that it would operate an overtime ban from 12 November.

The NUM decision was remarkably fortuitous in its timing. The October 1973 Yom Kippur War in the Middle East had sparked both an oil embargo and a sudden increase in oil prices. On 17 October 1973, the price of Arabian crude oil rose by a minimum of sixty-six percent. Moreover, shipments to some destinations, such as the USA and the port of Rotterdam which served much of the European market, were banned entirely. On 5 November, Arab producers further announced their decision to reduce total production by twenty-five percent. This 'oil crisis' suddenly undermined the confidence of the Government in dealing with the miners' overtime ban. Estimates of the rate of consumption of existing coal stocks had to be substantially altered. By 13 November, the second day of the overtime ban, the Government declared a State of Emergency - ostensibly to deal with the ten percent reduction in oil supplies.

The sudden increase in oil prices exacerbated an already sharp reversal in the country's balance of payments. When the publication of the October trade figures in mid-November revealed a huge visible-trade deficit, the Government was obliged to implement restrictive measures such as a one and three-quarters percent increase in the minimum lending rate. With continuing pressure on the pound, disputes pending in both the mining and electricity supply industries, and a further deterioration in the trade balance, the

Government argued the case for drastic action. On 13 December 1973, it announced the imposition of a three-day working week in most industries from the beginning of January. It was argued that the three-day working week would reduce energy consumption and, thereby, preserve fuel stocks. A few days later, the Chancellor also introduced an emergency mini-budget which cut public expenditure by 1.2 billion pounds.

Trade union leaders were immediately sceptical of the Government's emergency measures. An early December analysis from the TUC Economic Department, 'The Oil Situation and Economic Prospect', concluded that, provided certain restrictions on waste and non-industrial energy use were implemented, a ten percent reduction in oil supplies did not undermine the case for the policies that the TUC had been urging the Government to adopt. Indeed, it underlined the need for such policies (TUC ECD, 12 December 1973). When the TUC-Labour Party Liaison Committee met in December, it was agreed that the Government's action was unnecessary. The three-day working week was 'intended to put pressure on the miners, through causing resentment towards them among other sections of the community (LCR, 17 December 1973). At a special meeting of the National Economic Development Council (NEDC) on 21 December 1973, the TUC representatives tried in vain to 'get the Government to abandon or at least postpone the introduction of the three-day week (TUCR, 1974: 220). Not only had the decision been taken without consultation, but they argued that it was unnecessary and would have far more damaging consequences than the ill it was supposed to treat. The Government refused to alter its measures. Deadlock ensued. Neither for the first nor the last time did a Conservative administration suspect

conspiracy in the coalfields. Many of its opponents, particularly in the trade union movement, felt that the Government was intent on pursuing a lengthy confrontation with the miners, and that was why it was imperative to preserve fuel stocks.

The TUC Initiative

It was in this atmosphere that the TUC attempted to break the deadlock. The TUC, traditionally, has mediated between the sectional autonomy of its affiliates and the state. Its rules, moreover, specifically empower the General Council to intervene in the dispute of an affiliate if, as a result, other bodies of workpeople affiliated to Congress are 'involved in a stoppage of work or their wages, hours and conditions of employment imperilled'.⁹ The three-day working week was arguably linked to the miners' dispute. It had obvious negative consequences in terms of earnings and employment for most TUC members. There was growing concern, moreover, that other settlements were being delayed until the strike was settled in case the Stage Three norms were either relaxed or abandoned. Thus, prior to the January 1974 NEDC meeting, the TUC representatives 'agreed that there was a distinctive and exceptional situation in the mining industry'. The TUC Economic Committee was prepared on that basis to 'give the Government the assurance that if the Government were prepared to make possible a settlement between the miners and the NCB, other unions would not use this argument in negotiations for their own settlements' (NEDC, 13 February 1974). During the course of the subsequent NEDC meeting, the Chancellor, Anthony Barber, dismissed the offer outright. Indeed, the TUC representatives felt obliged to repeat it in order that the significance of the concession

might be properly understood. The Chancellor again responded with disinterest, but agreed to convey the offer to the Prime Minister.

It has subsequently been argued by both senior civil service and CBI officials that the Government and CBI representatives at this NEDC meeting did not sufficiently grasp the significance of the TUC offer and, therefore, failed to build on a possible opening. Sir Leo Pliatzky, (1982: 120), then Deputy Secretary of the Treasury, later noted that 'the Chancellor of the Exchequer, who was in the chair, did not seek to build on the TUC proposition'. Similarly, a senior member of the CBI staff suggested that the CBI Director General, Campbell Adamson, had not really understood the 'face-saving nature of the gesture'. Indeed, only two weeks later, when the CBI attempted to find a joint solution to the strike with the TUC, it very much regretted that the TUC formula had not been used (Interviews, 22 September and 4 October 1979). However, at the time, Government Ministers 'made no secret in private that they regarded both the TUC "offer" and Mr. Wilson's employment of it in the Commons as little more than an electoral red herring' (Guardian, 11 January 1974). Indeed, the possibility of an election was very much under discussion both inside the Government and in the media. Heath was under considerable pressure from certain groups within the Conservative Party to call an early election. A specially commissioned Opinion Research Centre poll had indicated that the Government's best chances would be in an early election. To delay to the end of February or longer might mean defeat (Fay and Young, 1976c). Given the cold response to its NEDC proposal, the TUC presumed that it had been rejected. It was therefore much surprised

when, the next day, the Prime Minister took up its offer to continue discussions. Indeed, the TUC General Secretary was so certain of the Government's rejection that he had rejoined his family on vacation, only to be recalled upon arrival (Sunday Times, 13 January 1974).

The protracted series of negotiations which ensued finally collapsed on 21 January. The Government rejected the TUC formula and maintained that there could be no exceptions to the Stage Three limits (Guardian, 22 January 1974). It had insisted on a tighter formula which entailed an explicit TUC recognition of the Stage Three limits. Although the TUC could ensure affiliate support for its relatively elliptical formula, indeed it held a special conference of affiliated unions on 16 January to endorse the initiative, it could certainly go no further (TUC, 1974a: 9-10). There had been wide coverage of declarations by the leaders of the largest unions that they would observe the TUC formula (see, i.e., 'Top Ten Take the Pledge', Daily Mail, 14 January 1974'; 'The Colour of the TUC's Special Offer, Sunday Times, 13 January 1974). However, attention also focused on the statements of union leaders such as Hugh Scanlon, the president of the Engineering Union, who advised that 'the question of moderating the engineers' pay claim did not arise. Their claim was in and they would pursue it (Guardian, 11 January 1974). The Financial Times leader (11 January 1974) praised the TUC initiative, but remained dubious about the TUC's real authority over its affiliates. 'An undertaking not to use a special award to the miners as an argument in pressing other pay claims . . . may well be acceptable to the majority of the member unions simply because it means so little'. The Government remained adamant that if the miners were to receive any special treatment, the rest of the TUC would have

to conform to Stage Three. According to a report in the Guardian (11 January 1974), 'It was no secret that Ministers regarded this as an impossible demand for union leaders'.

In fact, the TUC representatives in the discussions with the Government went some distance to meet this demand. The Financial Times (15 January 1974) reported that 'the union leaders emphasized that they could see "no other possible exceptional cases on the horizon". It was with carefully phrased remarks such as these that the TUC tried in vain to impress the basically sceptical Ministers'. The attempts by the TUC to secure Government recognition of the miners as a special case did imply a de facto recognition of the Stage Three policy. As Keith Harper observed the day after TUC affiliates voted overwhelmingly in favour of the formula, 'Although union leaders will not admit it openly, the new formula amounts to tacit acceptance by the union of the pay policy, something which would have been undreamt of at last year's Trades Union Congress' (Guardian, 17 January 1974). Although the talks ultimately resulted in failure, the TUC's position on pay policy had undergone a significant change. If the TUC did not promise what it could not deliver, strict adherence to Stage Three, it did give 'a wink and a nod'. This was a clearer public declaration of intention than what the PLP representatives had been able to secure in the previous two years of Liaison Committee discussions.

Electoral Preparations

The Labour Party had hastened its electoral preparations through the autumn of 1973. Its policy committees were concerned to complete the eventual manifesto, Labour's First Five Years. Meanwhile, the

Liaison Committee continued discussions of 'Paying for Labour's Programme', a costing document which had been introduced at the September meeting. This attempted to balance the cost of Labour's programme against methods of financing increased public expenditure. At the 1973 Party Conference, the Shadow Chancellor, Denis Healey, had warned that a future Labour government could not possibly meet the cost of all its programmes in the first years of office. He proposed that there should be discussions with the unions over the coming months on social priorities and, more particularly, 'a voluntary policy on incomes' (LPCR, 1973: 129). At the November meeting of the Liaison Committee, the PLP representatives stressed that in the first years of a new Labour Government, even if taxation for the rich was increased, there would be a massive shortfall in revenue, 'and not all of this shortfall . . . could be met as a result of economic growth' (LCR, 26 November 1973). Even if the first years of the legislative programme were taken up by such costless items as the repeal of the Industrial Relations Act, there would still be increased taxation. The PLP representatives therefore wanted to know what kind of impact various forms of taxation increase 'might have on the climate of wage negotiations under a Labour Government, given Labour's social and economic priorities' (ibid.). The TUC representatives reaffirmed their belief in economic growth. Moreover, a TUC briefing prepared for the meeting emphasized that very substantial amounts would have to be taken from the rich before discussing any further increases in the burden of taxation on the great mass of wage and salary earners (ibid.). It was agreed that the whole issue of taxation and its effect on wage negotiations and

the overall economic situation would have to be discussed at future meetings.

In response, however, to the rapidly deteriorating economic situation and the plan to implement a three-day working week, the Liaison Committee turned its attention to the energy situation. There was general agreement on the Committee that the three-day week was an unnecessary ploy on the part of the Government. As rumours of an impending election intensified, the pressure on the Labour Party to finalize its election document, Labour's First Five Years, increased. When the Shadow Cabinet and the NEC met on 12 December to discuss the document, their main concern was the absence of any reference to incomes policy. It was decided that a working group would consider the problem before their next joint meeting in January (Hatfield, 1978: 226). The Labour Party representatives felt that it was imperative to engage the TUC representatives in a serious discussion of this subject at a special Liaison Committee meeting on 4 January 1974.

The January Liaison Committee meeting marked the last major attempt before the February election to secure a more specific commitment from the TUC on wage bargaining. As Barbara Castle (1980: 19), one of the Labour Party representatives, noted, 'The imminence¹⁰ of an election concentrates the mind wonderfully'. The PLP-representatives might also have gained some comfort from their relative strength in numbers. Of the ten Labour Party representatives present, nine were MPs. The TUC represented by its General Secretary and two members of the General Council who were perceived as incomes policy 'moderates'. The most vociferous opponents of incomes policy, Jones and Scanlon, were both absent.

The meeting considered the progress that had been achieved in drafting the Party's campaign document. According to James Callaghan, there remained one serious weakness in the document: its lack of reference to incomes. 'Without this our posture at the election would not be credible' (ibid.). Harold Wilson and a number of other MPs present all endorsed this point of view. They felt that there was a need for a more specific understanding on pay. The Shadow Chancellor, Denis Healey, requested 'a statement from the TUC which would go beyond a description of what might happen if the collective bargaining climate were changed; and comprise a statement of intention by the TUC that it would respond in a changed collective bargaining climate (LCR, 4 January 1974). Healey continued that what was needed 'was an indication that, if the Labour Government fulfilled its side of the compact, the TUC for its part would try to make the economic policy work (Castle, 1980: 18). No doubt aware of the growing tension and relative imbalance in the meeting, Callaghan attempted to round off the discussion in a more conciliatory way. 'We don't want a debate between ourselves on this. All we ask is that when our campaign document is published you will study it and see how you can help us on it (ibid.: 19).

The TUC representatives responded that there 'could be a broad understanding with the Labour Party'. Indeed, there already was in the statement, Economic Policy and the Cost of Living. The TUC, however, 'was not going to give an absolute firm pledge on wages (LCR, 4 January 1974). Len Murray noted on behalf of the TUC that 'calls for an incomes policy were often made without specifying the reasons for one, and without specifying what interventions in

collective bargaining were needed'. Incomes policies had not altered relativities, nor improved the balance of payments, nor decreased unit wage costs. 'The TUC hoped that the phrase "incomes policy" would be forgotten' (ibid.). Murray asked the Labour Party to think again for there was not going to be any statement expressing 'some kind of commitment by the TUC to some kind of incomes policy.' He noted that the greatest disservice the TUC could do a Labour Government was to pretend it could do more than it could: the disillusion from that would be far more damaging than the refusal to make impossible promises in the first place (Castle, 1980: 20). The very frankness of the exchange alleviated some of the tension. It was abundantly clear that the TUC was willing to enter into a compact with the Labour Party but that did not mean that the PLP would enter the next election with any TUC commitment to participate in an incomes policy. Harold Wilson found the measure of the compromise when he suggested: 'What we need is more the creation of a mood than a compact' (ibid.).

The Labour Party's campaign document drafted by Michael Foot on this issue suggested that a future Labour Government would have to demonstrate that the Social Contract was not about restraining wages. It was necessary to win the consent of trade unionists:

Only practical action by the Government to create a much fairer distribution of the national wealth can convince the worker and his family and his trade union that "an incomes policy" is not some kind of trick to force him, particularly if he works in a public service or nationalized industry, to bear the brunt of the national burden. But as it is proved that the Government is ready to act - against high prices, rents and other impositions falling most heavily on the low-paid and on pensioners - so we believe that the trade unions voluntarily (which is the only way it can be done for any period in a free society), will cooperate to make the whole policy successful. We believe that the action we propose on prices, together with an understanding with the TUC on the

lines we have already agreed, will create the right economic climate for money incomes to grow in line with production. That is the essence of the new social contract which the Labour Party has discussed at length and agreed with the TUC and which must take its place as a central feature of the new economic policy of a Labour Government (cited in IDS Report 177, January 1974: 9; see also Labour Party, 1974a).

This formula maintained the ambiguity and equivocation which had characterized the nature of the TUC-Labour Party understanding on the role of wage bargaining under a future Labour Government over the previous two years.

After the failure of successive peace initiatives and still facing the prospect of a national miners' strike, Heath finally ended a long period of vacillation and called a general election for 28 February. Labour's strategists were split on the best approach for the party (on the differences in electoral strategy within the Labour Party, see Butler and Kavanagh, 1974: 124-126). Many on the left of the party held the view that the electorate would respond favourably if the Social Contract was presented as a radical programme to effect fundamental social change. Others on the 'right' of the party, especially amongst the leadership of the PLP, strongly felt that the party should attempt to hold the middle ground and demonstrate that Labour could best bring the country back to consensual government and social peace. The Social Contract was a good vehicle to contain any tension between the two positions since, as has been previously argued, there co-existed quite different conceptions of the nature of the project. The difference in electoral strategy was in essence a difference between socialist and social democratic conceptions of the Social Contract.

The election campaign was dominated by twin themes: 'Who governs?' and counter-inflation policy. In each case, the Labour

Party referred to its pact with the TUC. Heath attempted to exploit the tentative character of the Social Contract by demanding to see the piece of paper upon which it was written (Castle, 1980: 21). At one point, Hugh Scanlon caused acute embarrassment to the Labour Party Leadership by disclaiming knowledge of any specific contract. He later retracted this denial (DT, 20 February 1974).¹¹ Other major trade union leaders, especially Jack Jones, pointed to the existence of the Social Contract and urged their members to support it and vote for the Labour Party. The TUC attempted to bolster the impression that there existed a specific understanding between the Labour Party and the TUC; while pursuing its studied ambiguity on the question of incomes policy. The TUC General Secretary, Len Murray, certainly hinted that unions would have to consider their wage claims under such a programme.

'The Labour programme imposes very heavy obligations on trade unions. It would not be a soft option . . . This could mean very difficult problems for us. It could mean asking the trade union movement, in the context of such an agreed programme and an environment in which we felt our help was generally being sought and understood, to accept responsibilities (Guardian, 14 February 1974).

More revealing was the TUC's proposed action on the miners' pay claim. Len Murray was cited as saying: 'We have bitten on the bullet' (Sunday Times, 17 February 1974). The precise meaning was to be revealed in the first months of the new Labour Government.

CONCLUSION

This chapter has attempted to trace the formulation of the Social Contract in the 1972 to 1974 period. It first outlined the creation of a Labour Party programme in 1972-1973 based specifically

on the notion of a Social Contract with British trade unions and negotiated in several phases within the TUC-Labour Liaison Party Committee. The main union priority during these discussions was a commitment from the Party leadership to repeal the Industrial Relations Act and replace it with a legislative programme largely drafted by the TUC. The escalation of the TUC campaign against the Act confirmed the priority nature of these discussions. The PLP representatives were particularly preoccupied with obtaining some kind of specific TUC commitment on the role that its affiliates might play in any counter-inflation policy. A specific commitment was not forthcoming and the phase of the Liaison Committee discussions when economic policy was to be discussed in detail never transpired. In the meantime, the internal policy apparatus of the Labour Party was also preoccupied with the formulation of the Social Contract, particularly in the area of industrial policy. Union representatives did not appear to be deeply involved in this part of the policy process. In the interest of party unity, they supported the party leadership when it rebuffed what it considered to be the more electorally unpalatable aspects of the socialist conception of the Social Contract.

The imposition of a statutory pay policy by Heath as well as a continuing invitation to engage in discussions on economic policy meant that all of the sample unions in the study were in some way involved in policy debates on collective bargaining, the economy and pay policy during this period. The second part of the chapter considered some of the variations within the sample unions. In particular, it was argued that different economic and political rationalities can shape attitudes to incomes policy and trade union

political practice. It was also suggested that the degree of policy discretion available to individual union leaders in the TUC policy process must be understood in the context of particular organizational and political constraints. Thus, the balance of opinion on collective bargaining and incomes policy within the TUC was necessarily a complex amalgam of different rationalities and subject to particular policy variations and organizational constraints within the affiliates. The external dynamics of incomes policy, at the level of TUC policy-making and TUC relations with the government, were subject to the internal dynamics of incomes policy, in terms of political processes within the sample unions. This suggests that in order to understand the later evolution of the Social Contract a sensitive appreciation of variations within the sample unions is required. This is, of course, the rationale of the research design in this study (see Chapter 1).

Finally, the third part of the chapter traced the transformation of the Social Contract from programme to power. This was primarily the result of a remarkable turn in the political and economic fortunes of the country in late 1973 and early 1974. As an election became imminent, the PLP representatives continued to press the TUC within the Liaison Committee for a specific commitment on pay. Once again, the TUC remained unwilling to specify its role in any Social Contract counter-inflationary policy. The economic and political crisis, however, pushed the TUC to offer to exert a greater influence over the wage claims of its affiliates in return for a solution to the miners' dispute. This overture was rejected by the Government, but it thus became clear that the TUC was willing, albeit

reluctantly, to go further than it had hitherto specified in its Liaison Committee discussions.

The election of a minority Labour Government committed to the implementation of the Social Contract raised several immediate questions. How far might the TUC be willing to develop an active role in a Labour Government counter-inflation policy? To what degree would such a policy be politically feasible within the TUC? What tensions might this create within its affiliates, particularly the sample unions in this study? What role did the Social Contract play within the sample unions? These questions will be central to subsequent chapters for the TUC did become enmeshed in a voluntary incomes policy over the next several years and eventually withdrew its support for the policies because of growing internal opposition. Chapter 4 explores some of the variations in the sample union approaches to incomes policy and attempts to place them in their specific organizational and political settings. Chapter 5 charts the development of the Social Contract during the first sixteen months of the new Labour Government, particularly the 'Mark I' voluntary pay policy, and considers its impact on the internal dynamics of the sample unions.

CHAPTER 4

PAY AND POLITICS: INDIVIDUAL UNION APPROACHES TO INCOMES POLICY

The previous two chapters traced the origins and formulation of the Social Contract between the TUC and the Labour Party. This chapter focuses on the policy and practice of the sample unions towards incomes policy and government intervention in collective bargaining during the post-war period. An understanding of union behaviour during the entire period under investigation must take account of the past and, to a degree, attempt some general explanation of a particular union's previous profile on the central questions of incomes policy. Towards this aim, the section on collective bargaining policy in Chapter 3 explored some of the differences both between and within TUC affiliates on approaches to inflation, the role of collective bargaining in any counter-inflation policy, the appropriate role, if any, for the TUC in the collective bargaining policy of its affiliates and conceptions of trade union political practice vis-a-vis the state. It was suggested that these kinds of understanding would inform a union's relative disposition towards incomes policies. It was further argued that the dynamics of a union's collective bargaining policy including its approach to incomes policy must be linked to its specific organizational and political constraints. Chapter 3 noted the unanimous opposition of

the sample unions to the Heath Government's wages policies in 1972-1973. However, it was also suggested that there were in fact considerable differences in their respective approaches to incomes policy. Before examining the development and impact of the Social Contract incomes policies in subsequent chapters, this chapter investigates the different approaches of the sample unions towards incomes policy and government intervention in collective bargaining, especially when initiated by Labour governments, in the context of their specific organizational settings.

To pursue this line of inquiry, the chapter is organized in the following manner. A first section gives a brief historical overview of the stance of British trade unions on incomes policy, particularly those implemented by Labour governments with varying degrees of TUC support. The second section identifies patterns of opposition and support for such policies among the sample unions. These patterns are based on the position taken by the individual union in TUC debates on the subject. The third section investigates further the policies of the individual sample unions. In particular, it attempts to identify some of the links within the individual sample unions between their organizational structure and membership composition, their collective bargaining policies and industrial practice, their political practices, both internal and external, and their approach to incomes policy. This section examines each of the sample unions in detail. Finally, the conclusion identifies some of the key factors affecting union approaches to incomes policy. This chapter should thus provide the basis for further analysis of the sample unions during the Social Contract period in Chapters 5, 7 and 8.

AN HISTORICAL OVERVIEW

To locate historically trade union approaches to incomes policy in Britain, it is necessary to return to the immediate post-World War Two period. It was the Attlee Labour Government, confronted with serious economic problems in 1947-1948, that first asked trade union leaders voluntarily to link their wage bargaining demands to overall economic performance and, therefore, seek only money wage increases if justified by concomitant increases in production. Government intervention in collective bargaining machinery was, of course, not a new phenomenon. Long before the advent of incomes policies, individual trade unions were required to take a variety of positions as regards the role of the state in industrial relations, particularly in terms of their willingness to contemplate the role of third parties in wage bargaining and industrial disputes. Unions, like employers, varied considerably in their readiness to accept arbitration, for instance, as a method of determining wage rates (for examples from a variety of trades, see Clegg et al., 1964: 14, 155, 265, 436 and 485). This was no doubt largely derivative of industrial circumstances and is a salutary reminder of the complexity and diversity of union wage policies. Indeed, the Webbs (1911: 593), ever optimistic in their quest for a rational method for the determination of wages lamented that 'the better-paid sections of the wage earners . . . would naturally object to any departure from the Doctrine of Supply and Demand'.

The Government first sought active cooperation from trade union leaders in the modification of the operation of collective bargaining machinery in the First World War in order to put the economy on a war

footing. Its primary concern was to increase production in the engineering industry. Apart from one unsuccessful attempt to freeze wages (see Ross Martin, 1980: 134), the Government attempted to secure a continuity of production through the maintenance of industrial peace, quite often at the cost of wage concessions. Compulsory arbitration was the main vehicle for the accomplishment of this task (Allen, 1960: 131; Jeffreys, 1945: 177). While national officials were willing to lend their consent to this and other concessions, this frequently provoked considerable opposition within their own unions. The most notable example was the revolt of the shop steward movement on the Clyde (see Hinton, 1973; Jeffreys, 1945; and Allen, 1960). Apart from the exceptional circumstances of war-time, wage rates demonstrated a considerable elasticity, particularly downwards as influenced by the trade cycle and levels of unemployment. In many industries, such as engineering, wages were directly related to level of output through payment-by-results systems such as piecework. Equally, wage negotiations were frequently local rather than national in scope; though the First World War did seem to exert an influence in the direction of more national-level negotiations (Jeffreys, 1945: 189; Ross Martin, 1980: 146). Certainly, there was no modern notion of an annual wage round. Where the government was employer and sought to reduce levels of expenditure, it attempted periodically to influence the level of arbitration awards for its own employees or, alternatively, cancel altogether its commitment to arbitration as a method of wage determination (on variations in government wages policy for its own employees, see Allen, 1960: 80-83). On the whole, it seems that demands for wage increases and decreases were related primarily to

the current economic circumstances of a particular employer or industry, not to the abstract notion of national economic performance.

The Second World War saw the resurrection of compulsory arbitration to ensure relative industrial peace in a period of national emergency. However, because of the insistence of the TUC and its chief spokesperson in the war cabinet, Ernest Bevin, the Minister of Labour, wage-setting machinery remained primarily voluntary in character (see Bullock, 1967: 22, 86-90; B.C. Roberts, 1958: 26-39). At the end of the Second World War, the TUC firmly reasserted its commitment to voluntarism and free collective bargaining. Although the General Council would continue to accept recourse to compulsory arbitration in order to ensure continuity of production in perilous economic times (see Allen, 1960: 268), it would 'neither seek nor agree to the imposition of legal restraints upon the right of Trade Unions to formulate their wage policies and to pursue activities in support of those policies' (cited in Barou, 1947: 227). Indeed, while some union leaderships were well disposed to either the intervention of third parties in or the coordination of their wage bargaining (on the case of NUPE, e.g., see Crank, 1955), TUC affiliates were virtually unanimous in their opposition to the idea of wage restraint. For instance, the two unions which proved the most ardent supporters of the government's wage restraint policies in the 1948-1950 period, the GMWU and the TGWU, were both opposed to government interference in voluntary collective bargaining machinery (see Clegg, 1954: 261; and Allen, 1957: 120-123).

The year 1948 marked the 'beginning of a new phase in trade

union behaviour in relation to the state' (Allen, 1960: 286). In the face of deteriorating economic circumstances, the Labour Government led by Clement Attlee increasingly had appealed to TUC affiliates to exercise moderation in the pursuit of wage increases. Thus, trade union wage policy and wage restraint, in particular, became associated with the question of national economic performance. In response to the Government's appeals, the TUC leadership insisted on the right of TUC members to pursue their own wage claims. From 1948 to 1950, however, TUC leaders agreed to support the Government's policy of wage restraint. They did so despite the mounting opposition to the policy within their own unions and the position of the General Council in support of a proposed wage freeze was ultimately defeated at the 1950 Congress (TUCR, 1950; on this period, see Panitch, 1976; Allen, 1960; and B.C. Roberts, 1958).

It can be argued that the TUC supported this first example of voluntary incomes policies because of 'the loyalty these leaders felt for the Labour Government and its ideological position' (Panitch, 1976: 30). This interpretation is reinforced by the TUC's subsequent refusal to lend its support to any of the successive attempts by Conservative governments between 1951 and 1964 to restrain wage increases. Such refusal contrasts markedly with its willingness to support Labour government policies first for voluntary wage moderation in 1964 and 1965 and then a very tight policy of restraint from July 1966. Once again, as in the period from 1948 to 1950, this support gradually eroded in the face of mounting pressures within individual unions. By 1969, the General Council was unable to muster Congress support even for a much diluted policy. It was then that the Government attempted to legislate its controversial In Place of

Strife proposals which, as indicated in Chapter 2, did much to alienate further many trade union activists from its cause.

The 1948-1950 and 1964-1969 periods provide fascinating insights into the patterns of individual union support and opposition as regards incomes policies sponsored by Labour governments. The next section will examine the patterns of support and opposition during these periods within the sample unions.

PATTERNS OF SUPPORT AND OPPOSITION

Tables 4.1 and 4.2 attempt to gauge the degree of sample union support for Labour government incomes policies as measured by their formal support for or opposition to TUC General Council Congress and Special Conference recommendations in support of voluntary and/or Labour government incomes policy initiatives in the periods 1948-1950 and 1964-1969. While it is possible that these tables in fact measure the propensity of the sample unions to support or oppose General Council recommendations at Congress and Special Conferences, rather than sample union support for or opposition to incomes policies, it is clear in the substantive contributions by sample unions to these debates that attitudes to incomes policy were central to decisions to support or oppose. It must also be emphasized that Tables 4.1 and 4.2 record only the formal union position at the time of the vote. They are not, therefore, a barometer of debates and the relative balance of opinion within the sample unions over incomes policy and union collective bargaining policy. The next section attempts to convey some flavour of the debates within the sample unions. It is first necessary to look at their historical profiles

on this question.

Table 4.2 reveals quite distinct sample union profiles as regards TUC support of incomes policies. At one end of the spectrum, the GMWU confirms its reputation as a 'loyalist' union within the TUC, as regards Labour governments and in support of the latter's incomes policies. On the fifteen occasions when it had the opportunity to support incomes policy initiatives, it did so without exception. In contrast, the Association of Supervisory Staffs, Executives and Technicians (ASSET) which merged in 1968 with the Association of Scientific Workers (AScW) to form ASTMS supported incomes policies on only two of the twelve occasions when accurate observations could be ascertained. The FBU also struck an oppositional stance opposing incomes policy resolutions on five out of the seven observations. NUPE tended to support the pay policy resolutions slightly more often than not, on five out of eight observations. The TGWU and AUEW were roughly divided in terms of opposition and support. The AUEW supported on eight of fourteen observations and the TGWU on eight of fifteen. However, when the 1948-1950 and 1964-1969 periods are separated, a more differentiated pattern emerges. The TGWU was completely loyalist in the earlier period, supporting on all five observations. It was rather more oppositional in the later period, opposing on seven out of ten observations. Similarly, the AUEW was more oppositional in the 1948-1950 period, opposing on three out of four observations. It then consistently supported the policies from 1964 to 1967, at least officially, when Lord Carron was President. From 1968, when Hugh Scanlon assumed the presidency, it consistently opposed the policies. These more differentiated patterns of opposition point to the need

TABLE 4.1

SAMPLE UNION SUPPORT FOR LABOUR GOVERNMENT INCOMES POLICIES

Patterns of Union Support for and Opposition to TUC General Council
Recommendations in Support of Voluntary and/or Government Incomes
Policy Initiatives, 1948-1950 and 1964-1969.

	ASSET (ASTMS)	AUEW	FBU	GMWU	NUPE	TGWU	RESULT
1948 Special	-	O	O	S	S	S	S
1948 Congress	O	O	O	S	-	S	S
1949 Congress	-	S	-	S	O	S	S
1950 Special	S	O	-	S	-	S	S
1950 Congress	-	-	-	S	-	S	O*
1964 Congress	S	S	S	S	S	S	S
1965 Special	O	S	S	S	-	O	S
1965 Congress	O	S	O	S	-	O	S
Royal Commission	O	S	-	S	-	O	-
1966 Congress	O	S	O	S	O	O	S
1967 Special	O	S	-	S	S	S	S
1967 Congress	O	S	O	S	O	O	O*
1968 Special	O	O	-	S	S	O	S
1969 Special	O	O	-	S	S	S	S
1969 Congress	O	O	-	S	-	O	O*

- : Position not indicated in TUC records or secondary sources

S : Support O : Opposition * : Platform Defeat

Congress: annual

Special: Conferences of Executive Committees of Affiliated Organizations.

TABLE 4.2 INDIVIDUAL UNION PROFILES ON INCOMES POLICY:
calculated from Table 4.1

UNION	1948-1950		1964-1969		TOTALS		Number of Observations	Degree of Support
	Support	Opposition	Support	Opposition	Support	Opposition		
ASSET	1	1	1	9	2	10	12	16.6%
AUEW	1	3	7	3	8	6	14	57.1%
FBU	0	2	2	3	2	5	7	28.6%
GMWU	5	0	10	0	15	0	15	100.0%
NUPE	1	1	4	2	5	3	8	62.5%
TGWU	5	0	3	7	8	7	15	53.3%
Total Possible	5		10		15			

The data in these tables is derived primarily from TUCR, 1948-1950 and 1964-1969; TUC, 1948, 1950, 1965, 1967, 1968, and 1969; and trade union memoranda to the Donovan Commission (see AEU, 1966; ASSET, 1967; GMWU, 1967; and TGWU, 1966). Indications of the individual union positions are also taken from Allen (1957), Clegg (1964), Craik (1955), Fisher and Dix (1974), Goodman (1979), Minkin (1978a), Muller (1973), Panitch (1976), and Richter (1973).

Individual union positions are judged in relation to what is identified as the key incomes policy debate either at the TUC Congress or at special conferences of executives of affiliated organizations convened to discuss a General Council report on incomes policy. The approach of the TUC General Council, of course, has varied considerably in relation to external circumstances, the balance of opinion within the TUC and the phrasing of particular items on the agenda. Tables 4.1 and 4.2 only report individual union positions in relation to the recommendations of the TUC General Council in these debates. They are not fully indicative of the substance or complexities of individual union policy approaches. However, they do provide some indication of variations in the approaches of the sample unions and the relative propensity of a sample union to support a General Council initiative favourable to incomes policy.

The TUC General Council has most often recommended that affiliates support some kind of trade union role in an incomes policy agreed with a Labour government, but the meaning of those recommendations has frequently varied. At the 1965 special conference (TUC, 1965), for example, support was for a voluntary policy; whereas at the 1965 Congress support was for the Government's statutory wage and price freeze (TUCR, 1965). The 1967 special conference recommendation was in fact critical of the Government's policy, but favourable to the development of an alternative voluntary trade union policy (TUC, 1967). Similarly, the 1969 Congress opposed the General Council's recommendation that the National Board for Prices and Incomes should be retained (TUCR, 1969). By that time, however, TUC affiliates and the General Council were virtually unanimous in their opposition to Government attempts to revive even a modified version of its statutory policy (Panitch, 1976: 206).

Where there is no indication of a union's position, this is because it could not be ascertained reliably from either the TUC report of proceedings or secondary sources. Since the Donovan Commission asked unions to state their policy views on the value of incomes policies under full employment, their support or opposition has also been recorded. Two of the unions in this study, the FBU and NUPE, did not submit memoranda to the Royal Commission.

Table 4.1 indicates the unions' position on fifteen different occasions during the operation of some kind of a policy on incomes by a Labour government. Table 4.2 summarizes the data presented in Table 4.1. It totals the overall extent of support and of opposition in the two different policy periods and calculates the relative propensity to support General Council recommendations on this issue.

COLLECTIVE BARGAINING AND INCOMES POLICY

This section investigates the historical profile of each of the sample unions on incomes policy. In particular, it attempts to explore the links between industrial practice, internal and external political practices, and approaches to incomes policy. The section first considers the case of ASTMS, a union which has consistently opposed government intervention in pay bargaining. It then looks at the GMWU which has consistently supported Labour government incomes policies. The other sample unions all present mixed profiles and will be examined in turn. The TGWU and AUEW have experienced particular variations in their approach to pay policy and the role that they played on this issue within the TUC. The FBU and NUPE share similar industrial settings and policy orientations.

ASTMS

During the 1960s, the two constituent unions that would later merge to create ASTMS, ASSET and the AScW, were amongst the most outspoken opponents of incomes policy. This was closely connected to the unions' bargaining policies which, in turn, can be linked to the composition of their membership, their bargaining structure and growth strategies. Both were white-collar unions with a significant proportion of their membership concentrated in manufacturing. The AScW represented technicians in both the public and private sectors as well as a considerable number of qualified scientists and engineers. ASSET's membership was evenly divided between foremen and technicians other than draughtsmen and laboratory assistants (see

Bain, 1970: 30-31). Both unions had conducted long struggles to gain recognition for their claim to represent white-collar staff. In the engineering industry, for instance, each had been forced to obtain grade-by-grade recognition. The difficulty in securing recognition and the often fragmented basis on which it was achieved fundamentally influenced the unions' approach to bargaining structure, bargaining policy and, ultimately, incomes policies (Interviews, 28 July and 21 August 1980).

First, they were obliged to fight for every increase in membership. Improvements in membership benefits could often be secured only through the achievement of majority representation. Thus, the unions were obliged to engage in aggressive recruitment tactics. ASSET expanded particularly rapidly, leading all other white-collar unions in growth in the 1948-1964 period (Bain, 1970: 34). Its flair for publicity and reputation for successful recruitment became the hallmark of both the union and its general secretary, Clive Jenkins. It was particularly important where a union was engaged in first generation bargaining to achieve the maximum possible improvements in wages and benefits. Otherwise, there was no significant 'demonstration effect' to encourage further recruitment. Wage norms were quite simply an impediment to the union's ability to achieve such an effect. As ASSET (1967: 2257) submitted in its evidence to the Donovan Commission, 'it is not an easy thing to secure an advance in wages and salaries: trade unions can only win such increases in the usual way in the face of stiff employer-resistance. Salary movements are much stickier than price increases. We are opposed to laws which will make such movements even stickier.'

Secondly, expansion on a grade-by-grade basis meant that, even before representation rights were achieved, the union must be committed to the zealous defence of differentials for that particular grade. The defence of differentials and incomes policies were scarcely compatible, especially in industries where incomes policies tightly controlled the wage and salary rate increases of white-collar staff while not limiting the increases of those that this staff supervised because their earnings were determined by payment-by-results systems. Wootton (1955: 136) notes that ASSET members, primarily foremen and chargehands, were 'particularly likely to be overtaken by those working below them'. ASSET's 'National Charter' maintained that supervisors should be paid a basic rate sixty-six and two-thirds above that of those supervised (ibid.). This narrow defence of differentials was extended into a broader case for skill and training on behalf of ASTMS's white-collar membership. It was argued that the British economy 'had suffered because of the poor rewards it had provided to many who have scientific and technical skill' and incomes policy would not resolve this problem (Jenkins and Mortimer, 1968: 168).

Finally, the differential development of bargaining rights, fragmented bargaining structure and scattered membership which characterized ASSET, in particular, necessitated a strong union commitment to bargaining autonomy. Moreover, such a philosophy proved attractive to newly unionized, white-collar groups and staff associations that were often reluctant to surrender their autonomy. Thus, the aggressive pursuit of expansion, the need to demonstrate the tangible benefits provided by unionism to achieve this expansion,

the zealous defence of differentials and a philosophy of maximum bargaining autonomy in a decentralized structure did not dispose either the AScW or ASSET towards the support of incomes policy.

This opposition to incomes policy was readily apparent in the 1964-1969 period. In common with virtually all TUC affiliates in the pre-electoral 1964 Congress, both the AScW and ASSET supported an omnibus motion on economic policy, planning and wages which, as Geoffrey Goodman (1979: 389) described it, 'embraced the acceptance of incomes policy but was hedged around with so many qualifications that it was hard for any union, however sceptical, to object to it'. Thereafter, neither union supported any of the new Labour Government's initiatives on pay policy, either voluntary or statutory. Indeed, they were part of the group of five white-collar, technical unions that actively opposed the TUC's espousal of a voluntary pay policy and subsequent acceptance of the addition of statutory powers. Their response to the Joint Declaration of Intent was A Declaration of Dissent, a document which was severely critical of the Government's overall economic policies, particularly its policy on wage restraint (ACTT et al, 1965). ASSET went further again in opposing the 1966 wage freeze when it launched a successful, judicial challenge to the right of employers to defer wage agreements when they involved a breach of individual contract. This forced the Government to implement new provisions in order to plug the potential gap in its policy (Panitch, 1976: 121-122).

Such contestation did little to endear either the AScW or ASSET to the majority of TUC affiliates that had voted, albeit reluctantly, to abide by the Labour Government's pay policy. Any hostility was exacerbated by the proclivity of the ASSET general

secretary, Clive Jenkins, to vaunt his union's success at avoiding the restraining effects of the policy (Interview, 21 August 1980). One local ASTMS official described the image of ASTMS on incomes policy as one of clever officers and clever members avoiding the policy. ASTMS gained a reputation for producing documents 'with copious notes on what to do and what to go for in order to get around the policy' (Interview, 15 July 1980). This matched the image of the union as projected by Jenkins, what Robert Taylor (1978: 373) has described as 'too clever by half'. Without exception, the ASTMS officials interviewed in this study emphasized that the publicity generated in ASSET's vocal opposition to pay policy in the 1960s was very useful for recruitment. Indeed, a number of senior officials cited it as the main motive in the union's vocal opposition during this period (Interviews, 16 July, 11 and 21 August 1980). If growth was an indication of success, then the union's policy approach was very successful. It can be argued that ASSET was at liberty to play such a role because of its relatively small size, its exclusion from the inner councils of the TUC leadership, its tiny affiliation to the Labour Party and the relative distance of its membership from both TUC and Labour Party policy-making. Indeed, ASTMS officials frequently point to the apparent contradiction of what they perceive as the relatively conservative nature of the union's membership and the union's reputation as a 'left-wing' union (Interviews, 7 June and 16 July 1980).

ASTMS political practice was certainly identified as 'left-wing'. It played an oppositional role within both the TUC and the Labour Party through the 1960s and into the 1970s. It was, moreover,

exceptionally active, at least rhetorically, in both these forums. Such a strategy was no doubt derivative of the union's pursuit of a high public profile in order to advance recruitment. The ASSET general secretary, Clive Jenkins, was also adept at cultivating this reputation and did not appear to have any aversion to publicity. It can also be argued that the ASSET leadership sought to advance membership interests in both political and judicial forums where a weak industrial base otherwise impeded effective gains. Indeed, it has been suggested that industrial action might 'frighten away actual and potential members' making lobbying the preferred mode of action for the union (see, i.e., Carter, 1983: 276). Certainly, in relation to many larger unions, ASSET was exceptionally active in the Parliamentary Labour Party through the use of its parliamentary panel. It also sought to dispense its limited financial resources for maximum political gain (see Richter, 1973: 180-189). Such political instrumentality did not, however, entail any unquestioning loyalty to either Labour government policies or the TUC leaders who, sometimes reluctantly, supported them.

Apart from their very public defence of differentials, the central thrust of the substantive arguments advanced by the ASoW and ASSET in their opposition to the 1960s incomes policies revolved around a critique of the government's economic policy and the TUC General Council's support for it. Both unions had previously espoused the values of planning and modernism. Indeed, ASSET supported the General Council position on pay policy at the 1950 Special TUC Conference because of the need to achieve a long-term policy for a stabilized wage system (TUC, 1950: 26) and, the following year, moved an unsuccessful motion in favour of a TUC inquiry into

the possibility of a 'planned wages policy' (TUCR, 1951: 526-527). Similarly, the AScW supported the omnibus economic policy motion at the 1964 TUC (450-451) because of its enthusiasm for planning. From 1965, however, both unions were very critical of the Government's economic planning effort, particularly its emphasis on wages policy. Jenkins argued that it was not possible 'to plan wage and salaries adequately and justifiably . . . unless we deal with the whole problem of the distribution of wealth in this country' (TUC, 1965: 48). Thereafter, Jenkins persistently attacked what he labelled a 'pathetically threadbare and dangerously wrong economic analysis' on the part of both the TUC and the Government (TUCR, 1965: 482; see also TUCR, 1966: 470; TUC, 1967: 27-29; TUCR, 1967: ASSET motion and amendments; TUC, 1968: 121-122; TUCR, 1968: 562-563; and TUC, 1969: 89-90). He suggested that British wage costs did not undermine competitiveness. Rather, wages were too low. The union therefore favoured increased production, not restraint.

Within a planned economy, with industrial expansion, full employment, steadily advancing living standards and the redistribution of income and wealth in favour of those who work and against those who live primarily by ownership, an incomes policy would make sense. It does not make sense when its purpose is to accommodate excessive Government overseas spending, primarily for military purposes, and when it forms part of a wider policy of economic stop-go and the maintenance of the gross inequality which at present disfigures British society (Jenkins and Mortimer, 1968: 179).

Such a position allied ASTMS with much of the criticism emanating from the left of the Labour Party at this time. Some of the Labour MPs most closely associated with the union, such as Ian Mikardo and Russell Kerr, figured prominently in the Tribune group's parliamentary opposition to the Government's economic policies (see,

Such an oppositional profile was certainly predominant in ASTMS political practice. Unlike some of the other sample unions, there is little evidence of internal opposition to the union's political practice. This is possibly because of the coincidence of interests between the union's industrial practice and the economic and political analysis which purportedly sustained it. Thus, it was possible to advocate economic planning, as opposed to the inequities of market distribution. However, the union could simultaneously seek to defend and advance the particular position of white-collar technicians and supervisors in the labour market and vehemently oppose any government policy which might entail the erosion of the differentials which were enjoyed by those particular occupational categories and which were, after all, supposedly determined by the free-market allocation of reward. Equally, as in many other unions, there was often a marked distance between union policy positions and industrial practice. According to a number of observers within ASTMS, the General Secretary was literally free to pursue the policies that he chose and was generally assured of both executive and conference support (Interviews, 15 and 16 July, 11 August, 5 September, and 15 December, 1980). When he could not command conviction for his approach, he could usually persuade. This explains neither why nor how both ASSET and the AScW came to be associated with such an oppositional discourse. This requires a more detailed historical analysis of the industrial location and formative influences of both the AScW and ASSET. Such an analysis remains outside the scope of this study (for an historical overview, see B.C. Roberts et al, 1972: 87-106; and Bain, 1970). It must suffice to

indicate that from the 1940s into the 1970s, at least, the leadership of each of the constituent unions has been associated with a particular political discourse which continued to command activist support within ASTMS.

As was noted in Chapter 3, ASTMS opposition to pay policies continued into the 1970s. The union opposed the concept of wages policies in a free-market economy. Jenkins described the Heath Government pay policies as 'robbery by statute' (ASTMSJ, 1973, no. 1). In contrast with the reluctant acquiescence of many other unions in the imposition of the Government's policies, ASTMS went to considerable lengths to indicate publicly its opposition to the policies. For instance, Jenkins issued a circular to all negotiating officers emphasizing that the union's policy was 'to ignore Government legislation on pay and conditions' (ASTMSIM, 8 November 1973). Whether rhetoric or reality, such an approach was but a continuation of the bargaining policies developed by both ASSET and the AScW through the 1940s and 1950s and, inasmuch as incomes policy is concerned, perfected in the 1960s. ASTMS continued to expand rapidly; its approach to pay policy appeared to be an important ingredient in its success; and there was no significant group within the union which advocated the support of incomes policies under either Labour or Conservative governments.

GMWU

In contrast with ASTMS, the GMWU was altogether more supportive of incomes policies. Tables 4.1 and 4.2 confirm its reputation as a 'loyalist' union. Indeed, in every available observation on TUC policy-making with regard to wages policies from 1948 to 1951 and

1964 to 1969, the GMWU supported the position advocated by the TUC General Council. Even though it opposed the specific implementation of the Heath Government pay policies in the early 1970s, as was indicated in Chapter 3, it continued to stress the merits of TUC involvement in wage bargaining and expressed a desire to see the 'right' kind of pay policy. The GMWU's industrial and political practice in the post-war years has been well documented (see Clegg, 1964 and 1954; Minkin, 1980: 98-101; and Panitch, 1976). Throughout this period, the notion of industrial and political cooperation has echoed through the discourse and practice of the union. Cooperation has been an industrial statement and a political philosophy. Support of incomes policies fully reflected this ethos. To understand better this approach, it is necessary to review briefly the union's industrial composition, collective bargaining policy and political practice.

The membership of the GMWU was, and continues to be, widely dispersed across a range of industries in both public and private sectors. The union organizes in a number of lower-skilled grades for which there is open competition among several general unions. Like the other 'new' unions, the founding organizational principles lay in an ethos of general labour, what one GMWU general secretary, Tom Williamson, once described as 'a solidarity of labour lying deeper than the consciousness of craft' (GMWU, 1949: 1). The modern union was formed in 1924 from the amalgamation of three general unions, the National Union of General Workers, the National Amalgamated Union of Labour and the Municipal Employees' Association. By the mid-1960s, its membership was dispersed in a range of industries: 28.8% in

engineering; 22.5% in public administration, especially local authorities; 13.2% in gas, water and electricity; and the remainder spread across numerous other industries, particularly building materials, chemicals, food, drink and tobacco (GMWU, 1967: 1795). Many of its members in both the public and private sectors were comparatively low-paid, especially the significant proportion of women.

The GMWU's collective bargaining policy reflected the composition and nature of its membership. The union has a tradition of support for arbitration which continued through into the post-war period. Arbitration, of course, offered many advantages for a union which was 'spread over many industries, some of them only weakly organized' and which operated in competition with unions possessing greater industrial muscle (Clegg, 1954: 260-261). However, the union did not formally support the concept of a wages policy until the Labour Government initiated one in 1948. The change came with the new GMWU general secretary, Tom Williamson, who in response to the Labour Government's request for wage moderation suggested that the 'old pull-devil-pull-baker method of deciding wage claims is inconsistent with a policy of full employment' and that unions, therefore, should voluntarily develop a common policy (GMWUJ cited in Clegg, 1964: 263). This did not mean the abandonment of a system of voluntary collective bargaining to which GMWU leaders continued to attach a considerable value. Rather, Williamson envisaged the creation of machinery which could review voluntary collective agreements arrived at 'by direct negotiations and advise how such an agreement can be given effect to, having regard to all the relevant circumstances of the industrial and national situation' (ibid.).

Thus, from an early period, the GMWU leadership was willing to envisage both the coordination of collective bargaining and its specific association with the question of national economic performance. Significantly, the GMWU support for some kind of coordinated bargaining policy endured beyond the immediate exigencies of a Labour government. Thus, it was industrial circumstances as much as prevailing political practice that influenced its approach to pay policy.

During the post-war period, the GMWU has tended to grow more slowly than its competitors. In the private sector, it was outdistanced by the TGWU in the 1950s (see Clegg, 1964: 180) and again in the 1960s (see Undy et al, 1981: 128-138). Similarly, while it has experienced considerable gains in the public sector, NUPE grew even more rapidly (Clegg, 1976: 65). This growth performance can be attributed to both a slower rate of natural growth and a failure to attract mergers (Undy et al, 1981). Through the 1960s, as the GMWU was outdistanced by its rivals, its slower rate of growth became a source of increasing concern. This concern was exacerbated in the late 1960s and early 1970s by some traumatic internal revolts over the union's industrial policies and a general change in the bargaining climate.

The GMWU was basically slow to respond to the general movement towards more workplace bargaining, autonomy and participation. Operating as a general union in a multi-union environment, the GMWU was heavily involved in national joint industrial councils (NJICs) regulating the terms and conditions of all union members in an industry at national level. However, the post-war period was

characterized by a growing wage drift in the private sector in which workplace union organizations, particularly shop stewards, played an increasingly significant role in the determination of wages and working conditions. Too often, GMWU officials found themselves defending national or even company level agreements in the face of shop-floor hostility. The union was ill-suited structurally, and possibly 'temperamentally', to respond quickly to the trend towards greater workplace autonomy. Its adaptation has been slower and sometimes more painful than in some of the other major unions. Its branches were generally organized on the basis of geographical rather than industrial divisions. The continued preference for this mode of organization no doubt reflected the strong regional divisions which shaped the union's administrative structure. The GMWU has often been portrayed as consisting of strong regional fiefdoms in which each regional secretary was the baron. This made it more difficult for the union to accommodate potential merger partners, usually industrially-based, on anything other than a regional basis.

Both the branch and regional structures also contributed to the perception of the union as being dominated by full-time officials who had little contact with shop stewards. The GMWU, thus, gained a reputation for being unresponsive to the shop-floor. It appeared to respond to members more as 'clients than participants' (Lane and Roberts, 1971: 55). Indeed, its benefits schemes tended to reflect this approach offering members much in the way of insurance and pension schemes but less scope for industrial participation. Lord Cooper, the union's general secretary from 1963 to 1973, had described the practice of referring agreements back to the membership for ratification as 'an abdication of responsibility' (Lane and

Roberts, 1971: 53). This contrasted markedly with the more participative mode adopted by its main competitors, especially the TGWU and AUEW. Few work stoppages received official support. Clegg (1964: 190-195) notes the general reluctance of the union to participate in industrial action and its outright hostility to unofficial disputes. Lord Cooper developed a reputation as being a particularly zealous custodian of union finances, judging the health of the organization in terms of the size of its general fund.

As was argued above, the GMWU's industrial practice or collective bargaining policy certainly did influence its approach to incomes policy. The GMWU represented comparatively low-paid workers in either weakly organized industries or in multi-union industries where it competed for members with other unions. Its growth performance in relation to its competitors was poor. Moreover, its approach to collective bargaining seemed to be increasingly out of phase with developments in its industrial sectors. It is perhaps not surprising then that it should seek to mitigate the competitive wage race in which many of its members risked being the 'losers'. This industrial disposition was already apparent in the union's readiness to embrace arbitration as a method of wage-fixing and its support for the coordination of wage claims in the 1948-1951 period. To its peril, however, a union which prided its cooperative ethos increasingly found itself in an era where militancy seemed to pay greater rewards. The GMWU thus became the most vocal proponent of incomes policy within the TUC. In 1958, Jack Cooper, the future general secretary, suggested that the TUC should do more to promote 'modest real wage increases instead of demanding substantial

concessions which, if realized, can only aggregate our economic difficulties' (Clegg, 1964: 198). In 1961, he recommended that 'local bargaining should be coordinated and brought into closer relationship with what is done at national level' (ibid.). Indeed, there was such frustration at the level of wage drift that many in the leadership of the union believed that a permanent solution 'could only come as part of a generally agreed national wages policy' (ibid.: 196-197). This was particularly important for a union with a large proportion of its membership in the public sector which was not benefiting from this supplementary wage drift. The union consistently argued in favour of a more rational approach to pay bargaining; namely, through the vehicle of an incomes policy. Thus, the union's support for the 1960s Labour Government pay policies was not only a manifestation of that loyalty to the Labour Party which had become synonymous with the GMWU. It was also a continued expression of the union leadership's willingness to relate wage claims to national economic performance and its search for a coordinated, more 'rational' system of pay bargaining.

These twin themes were clearly articulated in the union's evidence to the Donovan Commission. The GMWU (1966: 1780) reiterated its support for prices and incomes policy and 'the consequent need to modify collective bargaining and relate it to wider economic considerations'. It further argued that 'the State through an incomes policy, can and should act as an instrument of equity, both in relation to the distribution of incomes between the owners of capital and workers and to its distribution among different groups of workers' (ibid.: 1774). In other words, the union looked to incomes policy to mitigate the excesses of the competitive wage race suffered

by its members.

The link between the GMWU's collective bargaining policy and its approach to pay policy was further strengthened by its political practice. Internally, there was little opposition to the policies pursued by the leadership. Externally, the GMWU had been completely loyal to the leadership of the Labour Party, even when this entailed placing the union out of sympathy with the majority of TUC affiliates. The internal political process of the GMWU and other sample unions is the subject of further analysis in Chapters 7 and 8. It must suffice to indicate here that the GMWU leadership was internally unencumbered to pursue externally political issues of its choosing. This was primarily manifested in terms of the overriding loyalty to the Labour Party dating back to the formation of the amalgamated union in the 1920s (see Minkin, 1978a: 98). The centre of power in the GMWU resided in the full-time Regional Secretaries as well as the General Secretary. They interacted with each other on the union's two-tier national executive (from 1975, the two tiers were integrated into a single executive body).

Although there was also lay representation on the executive, there was little history of factional opposition in the union. As early as 1926, the GMWU executive took a dim view of communist activists within the union. Membership of the Communist Party or the 'Minority Movement' was declared to be 'inconsistent with loyal attachment to the Union'. This position was endorsed by the 1928 Congress and reaffirmed in 1943 (see Clegg, 1954: 118-121). Union policy was formally approved at the annual Congress though key policy items were most often initiated by the executive. Delegates to the

Congress were elected by ballot on a district basis and attended in a regional delegation which included the regional secretary and a third of the full-time officers. Officers had the right to speak, but not to vote. The integration of the regional secretaries into national policy implementation and the integration of the delegates into a regional delegation, usually under the sway of the regional secretary, generally ensured that opposition to the platform was muted. The platform enjoyed, moreover, a range of procedural controls which facilitated the achievement of its policy objectives (see Chapter 7). The platform has sometimes been challenged by certain regional delegates or delegations, particularly London, Birmingham and Lancashire (Clegg, 1976: 102), but it invariably has prevailed. From the end of the war to the early 1970s, the platform was defeated on only two issues: the training of German troops in Wales and unilateral nuclear disarmament. The latter decision was of such significance that it was quickly reversed at a special recalled Congress in 1959 (Minkin, 1978a: 100). Harrison (1960: 152) notes that apart from this temporary deviation the GMWU Congress 'had not adopted one resolution deviating from Party policy' since the war, nor had the union voted against the Party leadership.

This internal policy 'cohesion' ensured a significant role for the union within the Labour Party. Clegg (1976: 102) described it as the most consistent supporter of official Labour policies among major trade unions'. It follows that the GMWU was 'a major asset for the political leadership in securing the majorities it needed at the Party Conference' (Minkin, 1978a: 98). This was particularly true in the incomes policy debates of the 1960s when Lord Cooper gained the reputation among his critics as the 'first incomes policy peer' (see

Panitch, 1976: 78). Despite occasional internal rumblings, the union consistently supported the Labour Government's policies until 1968 when, despite the obvious reluctance of the GMWU General Secretary, it voted with the majority of the TUC to oppose legislative interference with collective bargaining and then also expressed its opposition to the In Place of Strife proposals (see Minkin, 1978a: 100; Panitch, 1976: 120-176). As Minkin (1978a: 100-101) put it: 'Neither of these decisions was out of line with the movement of Party opinion, but for a union which prided itself on its loyalty to the Labour Government they were not easy to take'. Significantly, this marked the tentative beginnings of a series of changes within the GMWU which would be more clearly articulated when David Basnett replaced Lord Cooper as the union's general secretary. The GMWU would remain a staunchly loyal ally of the Labour Party leadership, but its own leadership became much more conscious of remaining in line with the majority of TUC opinion. This approach was confirmed, again despite the reluctance of Lord Cooper, with the decision to comply with TUC policy and deregister under the provisions of the Industrial Relations Act (see Moran, 1974). This less conservative orientation of GMWU political practice was in large part the result of both changes in the bargaining climate and significant industrial ruptions within the union.

The GMWU had already began to make some changes in its internal industrial practices and collective bargaining policy in the late 1960s. It implemented an informal, non-binding and non-obligatory, system of consultative industrial conferences in 1969 (GMWUAC, 1969). It also sought to increase direct officer coverage of the workplace

(Clegg, 1976: 116; Undy et al, 1981: 288). However, the impetus for reform was greatly increased by both internal revolts and external industrial trends: firstly, the loss of the unions's membership at Ford Halewood in Liverpool in 1969 through a mass defection (see Benyon, 1975: 266); secondly, in 1970, the seven week, unofficial strike of GMWU members at Pilkingtons in St. Helens and their attempt to form a break-away union (see Lane and Roberts, 1971); thirdly, and certainly related to the previous two factors, the general rise in private sector wage militancy and official and unofficial disputes in many of the industries covered by the GMWU (see, e.g., Hyman, 1974); and, finally, the emergence of public sector wage militancy, again official and unofficial, in the late 1960s and early 1970s which was spearheaded by the GMWU's main public sector competitors, the TGWU and NUPE, and which was often directed at the public sector effects of the incomes policies which the GMWU had so loyally supported (see Winchester, 1983: 164-168). External industrial developments certainly highlighted the GMWU's relative industrial quiescence. The internal revolts centred around dissatisfaction with both bargaining policy and the lack of scope for participation and officer accountability. This series of events ensured that reform continued to be on the top of the agenda. When David Basnett was elected general secretary in 1972, even though he had long service as a full-time official, he was identified as a proponent of reform. This provided the signal for a more progressive orientation by officials who have worked to give the union a more dynamic image. This conscious 'reform effort' was evident in all the interviews conducted with GMWU activists and officials during this study. Moreover, the assessment of Basnett's efforts in this direction was

overwhelmingly positive.

Thus, at the beginning of the Social Contract period, the GMWU was in the early throes of reform. This did not mean that it had radically altered its policies. Rather, the unswerving loyalism that was associated with the external political practice of the union was now consciously mitigated by the new leadership inasmuch as it sought to align itself with the mainstream of TUC opinion. As was discussed in Chapter 3 and for all of the industrial reasons explored earlier in this section, the GMWU remained favourably disposed to the idea of planning wages and vesting an enhanced coordinating role in the TUC (see, i.e., GMWUAC, 1973: 373). It also maintained that its large public sector membership would inevitably be regulated by some kind of policy; so it was advisable to be involved in the determination of that policy (ibid.: 375-376). Finally, Basnett appeared to accept the idea that bargaining behaviour could be modified in exchange for favourable economic and social policies which would entail full trade union participation at the level of policy determination (see, i.e., Basnett, 1973). This was certainly Basnett's, if not the GMWU, vision of the Social Contract. Such an approach was apparent in the GMWU motion to the 1973 TUC which called for the TUC to determine its own guidelines 'for a prices and incomes policy within the context of greater social justice and economic expansion' (TUCR, 1973: 368). The GMWU leadership was clearly willing to embrace the concept of an incomes policy. As was discussed in Chapter 3, the final incomes policy composite at the 1973 TUC was much more ambiguous on the question because the TGWU was unwilling to endorse the concept. The next section deals with the approach of the TGWU.

The TGWU presents a mixed profile in its approach to incomes policy in the pre-Social Contract period. As was indicated in Tables 4.1 and 4.2, along with the GMWU, it gave its unqualified backing to TUC support of the 1948-1950 Labour Government pay policy. In the 1960s, however, only ASTMS among the sample unions opposed the General Council's recommendations in favour of incomes policies more frequently than the TGWU. TGWU collective bargaining policy is of singular importance in this study. As was discussed in Chapter 2, the TGWU General Secretary, Jack Jones, played the key intermediary role, first, in the formulation of the Social Contract and, later, in the TUC's support for a tight period of wage restraint from 1975 to 1977. The fate of the Social Contract was ultimately contingent on TGWU policy. To comprehend fully the evolution of the TGWU's approach to incomes policy, it is necessary to review the position of the union's general secretaries. However, the union's industrial composition, internal and external political practice and bargaining policy must first be examined briefly.

The TGWU was formed in 1922 from the amalgamation of fourteen different unions, representing mainly general workers in the docks, transport and manufacturing. It rapidly expanded through growth and natural mergers to represent general workers and some white-collar staff in a wide range of industries. In the process, it became and has remained Britain's largest union. To achieve this growth and service its broad coverage, the structure of the union consisted of a blend of regional and industrial groupings. Each union member was attached to both a national trade group for industrial purposes and a region for policy-making. Policy is formally made by the union's

Biennial Delegate Conference to which delegates are elected on a regional and trade group basis. Bargaining is conducted through the trade groups which are largely autonomous, though responsible to the union's executive. Thus, the TGWU is a series of mini-industrial unions in which the structure of authority is fairly decentralized except where national bargaining predominates as a method of wage determination.

The General Executive Council of the union consists of territorial representatives elected within the regions and national trade group representatives elected by national trade group committees. The general secretary is elected through a national ballot and is responsible to the General Executive Council. Given the union's diffuse structure, the general secretary has traditionally played a pre-eminent role within the union. This was the case with the four main general secretaries from the original amalgamation to the beginning of the Social Contract period - Ernest Bevin, Arthur Deakin, Frank Cousins and Jack Jones. Each was able to command the loyalty and policy support of both the executive and the BDC. It was because of this tradition of the pre-eminent general secretary that Turner (1962) labelled the union as a 'popular bossdom'. This created considerable scope for external policy initiatives. As was discussed in Chapter 2, the union's size meant that its policy positions were of critical importance for the orientation of TUC and Labour Party policy and, in the case of Labour governments, for the Government itself. In terms of its external political practice, the union had a strong loyalty to the Labour Party, but a loyalty which was mitigated by the demands of its own

industrial practice as interpreted by the TGWU general secretary. Each of the aforementioned general secretaries has played a crucial mediating role within both the TUC and the Labour Party. For that reason, in discussing the TGWU approach to collective bargaining and incomes policy below, it is necessary to highlight the particular approach of the general secretary at the time.

The composition and spread of TGWU membership as well as the diffusion of industrial authority has meant that the union has rarely pursued a single, cross-union bargaining policy. The conditions of each industrial sector were too different. Indeed, the union did not make industrial policy at its policy conference because the bargaining aims of one trade group were likely to be incompatible with those of another. As the union grew in the 1920s and 1930s, in often difficult economic circumstances, it sought to establish minimum working conditions across an entire industry in order to protect the general worker. Thus, it strongly supported the concept of industry-wide, national bargaining (see TGWU, 1979a; and Interview, 24 October 1980). As a general workers' union, it also argued for reduced differentials. The Second World War had a tremendous impact on trade union organization. The encouragement of joint production committees in order to stimulate maximum output with a minimum of conflict greatly stimulated both workplace negotiations and the development of shop steward organizations in manufacturing. As labour markets tightened during World War Two and remained tight in much of the post-war period, the focus of wage determination in a number of industries shifted to the workplace, often to payment-by-results systems. This move was taking place regardless of union bargaining policy. When Frank Cousins became general secretary in

1956, the union began to give this shift much more positive support. This trend accelerated with the growth of productivity schemes in the 1960s, a growth which was greatly stimulated by certain incomes policy phases (see Undy, 1978: 48-51; McKersie and Hunter, 1973). As Undy et al (1981: 288) remarked, many other unions experienced decentralization in bargaining during this period 'but in none was the change so comprehensive or so purposefully executed as in the TGWU'.

These changes included movement from national to lower levels of bargaining, expansion of the scope of workplace bargaining, increased lay representation on negotiating committees, and enhanced and more frequent reference-back procedures (see Undy, 1978). By the time Jack Jones became general secretary in 1969, the commitment to workplace wage determination or local-level bargaining activity, at the least, had become a virtual article of faith within the union. Jones and Urwin, the deputy general secretary, were both products of the workplace bargaining model in the West Midlands and were typical of the young officials in the late 1940s and 1950s who increasingly challenged the union's attachment to national-level negotiating arrangements (see, i.e., Urwin, 1970). These changes in bargaining policy were clearly reflected in the evolution of the union's approach to incomes policy. The union had been consistently opposed to statutory intervention in wage bargaining, but Deakin became a strong proponent of wage moderation and voluntary incomes policy during his tenure as general secretary. The developing TGWU commitment to workplace bargaining, however, was fundamentally incompatible with government wages policies which were specifically

designed to impinge on local-level wage settlements. This evolution of the TGWU approach to incomes policy merits closer scrutiny.

The TGWU has been one of the most persistent advocates of 'voluntarism' in wage bargaining. Ernest Bevin, the founder of the amalgamated union and the TGWU's first general secretary, was a powerful advocate of a voluntary system of wage bargaining. This was apparent throughout the war when, as Minister of Labour, he successfully resisted repeated Treasury arguments in favour of wage controls (Bullock, 1967: 87-92; Allen, 1957: 119). Bevin's successor as TGWU general secretary, Arthur Deakin, shared Bevin's distaste of attempts by governments to regulate wages in place of collective bargaining. This was a sentiment shared, moreover, by most members of the TUC General Council at the time. In his union's journal in April 1946, Deakin wrote: "wages policy" is a term so vague and uncertain that it may not mean anything but might, in a general way, at some time be interpreted as constituting a "wage ceiling" which the Trade Union Movement is not prepared to accept' (cited in Goodman, 1979: xviii). This position was reflected by the TGWU Biennial Delegate Conference in 1947 which was 'strongly opposed to any attempt to freeze wages at existing levels' (Allen, 1957: 123).

Deakin, however, was probably the strongest advocate of the Labour Government's 1948-1950 incomes policy. This is clear in Table 4.1 which shows the TGWU supporting the policy in all observations. Deakin in fact changed his views on incomes policy in this period because he was impressed by the gravity of the economic crisis and the threat that this posed for both his members' standard of living

and the survival of the Labour Government. His loyalty to the Labour Government was certainly strong. It was reinforced by his personal loyalty to his predecessor and Labour Government cabinet minister, Ernest Bevin (Allen, 1960: 289). Even after the TUC's recommendation for continued support of the policy was defeated at the 1950 Congress, Deakin suggested to his own executive that the union now held the responsibility to pursue a policy of restraint or, alternatively, it could 'just allow a policy of drift to operate with an inevitable collapse of the nation's economy' (cited in Goodman, 1979: 88). Thus, Deakin also came to accept the argument that was so central to the genesis of wage policies in modern economies; namely, that wage bargaining must be linked to national economic performance. Finally, Deakin was 'by nature a leader of groups with relatively little economic power'. His 'desire for wage stability was a desire for uniformity of treatment to be accorded to different groups of workers' who he wanted to retain the relative gains that they had made in the post-war period (Allen, 1957: 140). In this sense, he reflected the position of the general worker who did not benefit from differentials and whose earnings rarely outstripped the rate of price inflation. However, any policy which was to achieve this objective had to be voluntary. This has been a key distinction within the TGWU as well as in many other unions. An incomes policy or wage restraint was acceptable in exceptional circumstances if it was voluntary and if government regulation did not replace normal mechanisms of collective bargaining. Thus, in 1948, Deakin noted that they refused the Government's offer of a national minimum wage because this would have undermined the voluntary character of the policy, not to mention

the potential impact of a general union such as the TGWU amongst the low-paid (on this refusal, see Allen, 1957: 131).

Deakin was able to persuade his union conference and executive to accept the policy of wage restraint during this period (see Harrison, 1960: 133), but it was apparent that his support for wage moderation alienated a number of bargaining groups within the TGWU (particularly the dockers, road passenger transport, and chemical and allied trade groups, according to Allen, 1957: 134-136). Moreover, there was increasing opposition to Deakin's vision of collective bargaining practice. Deakin was preaching moderation in the pursuit of industry-wide national level agreements. However, as was discussed above, fuelled by tight labour markets and relatively high levels of demand in manufacturing, the trend during these post-war years was increasingly towards greater workplace bargaining autonomy. When Frank Cousins became TGWU general secretary in 1956, he released much of this energy which had been building against Deakin (Interview with senior TGWU official, 16 December 1980). The change from Deakin to Cousins seemed dramatic, but Cousins was essentially able to give forceful expression to changes that were already taking place in the union. It was immediately apparent that Cousins was totally opposed to wage restraint (see Allen, 1960: 104; Goodman, 1979: 133). In stark contrast to Deakin's distaste for what he had labelled as the 'economics of bedlam' (Allen, 1957: 140), Cousins made his now famous affirmation of TGWU industrial power at his first TUC Congress as general secretary of the TGWU: 'In a period of freedom for all we are part of the all' (cited in Goodman, 1979: 134). At its 1957 BDC, the TGWU rejected 'the principle of wage restraint in any form' (Goodman, 1979: 146). This position was reiterated at the 1958

Labour Party Conference: 'We have said that we do not accept or would not accept a policy of wage restraint' (cited in Harrison, 1960: 346). Throughout these early years of Cousins's tenure as general secretary, the union remained unequivocally opposed to wage restraint, wage policy or incomes policy. The TGWU was what The Times later labelled 'the high citadel of opposition to wage restraint' (cited in Panitch, 1976: 58).

In the early 1960s, however, there was a slight change in the union's discourse on incomes policy. According to Goodman (1979: 327), Cousins gave some indication from October 1961 that if a Labour Government was committed to socialist policies and created the economic climate where wage increases were not necessary, then he might be willing to cooperate on the wages front. Parenthetically, it should be readily apparent in the preceding chapters that Jack Jones's position on the Social Contract ten years later was remarkably similar. Cooperation, for Cousins, did not entail wage restraint. Rather, he introduced the concept of 'the planned growth of incomes' at the 1963 Labour Party Conference. The TUC General Secretary, George Woodcock, was willing to embrace the concept of an incomes policy, provided that it was voluntary. Cousins, however, continued to make the distinction between wage restraint or incomes policy and 'the planned growth of incomes'. As he told the 1963 TUC, 'we will not have wage restraint, whoever brings it and wraps it for us' (cited in Goodman, 1979: 367). For Cousins, to accept wage restraint was to undermine the role and purpose of trade unionism itself. Moreover, it was simply not feasible in his view to request that trade unions were asked to plan their wages unless everything

else in the economy was also planned. This was a restatement of Bevin's war-time contention that you cannot fix maximum wages whilst one section works for another's profits (see Panitch, 1976: 80). The TGWU maintained this position throughout the rest of the decade. In response to a request by the Donovan Commission to define its role in 'accelerating the economic and social advance of the nation', the TGWU noted in its memorandum that the primary function of trade unions was 'to maintain and improve the condition of their members' working lives by effective collective bargaining - and that by doing this well they contribute to the social and economic advance of the nation'. It continued: 'If the Government wishes to limit the scale on which unions are free to bargain, it must do so as part of a planned economy, not as an attempt to deal with one aspect of a general problem' (TGWU, 1966: 1160).

This approach to incomes policy characterized the TGWU's tempestuous relationship with the 1960s Labour Government's incomes policies. On the basis of its support for a 'planned growth of incomes', as long as this did not compromise the freedom of wage bargainers, it was able to support the first voluntary phase of pay policy in 1964-1965. However, the TGWU opposed both the period of wage restraint from 1965 and the wage freeze and subsequent policies from 1966. Indeed, Cousins who had become a Cabinet Minister resigned from the Government in 1966 in protest at the implementation of a wage freeze. The TGWU's only support for any kind of wages scheme during this period, as can be seen in Table 4.1, came in March 1967 when it supported the TUC's proposed system of voluntary monitoring of wage settlements (TUC, 1967). Otherwise, the TGWU led the trade union opposition to Labour government incomes policies in

the 1960s and this opposition was extended to the In Place Of Strife proposals which were developed to succeed the pay policies (see Chapter 2).

The union was careful throughout this period to attack the incomes policies rather than the Labour Government itself (Panitch, 1976: 82). As relations between Jack Jones and the party leadership improved through the early 1970s, the TGWU remained as committed to local-level bargaining autonomy and as fundamentally opposed to statutory intervention in wage bargaining and wage restraint (see, i.e., TGWU BDCM, 1971 and 1973). Cousins had indicated more than ten years earlier that if a Labour Government 'created the circumstances in which it was not necessary for us to press for wage adjustments we should be happy to cooperate with them in making a success of . . . whatever efforts they were making in the economic field' (cited in Goodman, 1979: 327). Similarly, Jones had suggested in the period prior to the election of the Labour Government in 1974 that trade unionists would voluntarily respond to the changed industrial relations and economic climate. There is no evidence to suggest, however, that at that point such a suggestion entailed either a change in the union's opposition to wage restraint or a willingness to intervene in detail in the wage claims of its members.

Thus, at the beginning of the Social Contract period, the TGWU maintained the essence of its opposition to pay policy as developed through the previous two decades. As was discussed in Chapter 3, the union was opposed to 'statutory control of wages, or interference with collective bargaining' (TGWU BDCM, 1973: 9) and supported 'a planned growth of real incomes combined with a restoration of

voluntary collective bargaining' (TUCR, 1973: 635-636). The delicate question, however, was how the union could reconcile planning the growth of real incomes, which it was disposed to consider if a Labour government was pursuing an agreed set of policies, with voluntary collective bargaining? Chapters 5 and 6 examine the external dynamics of such a commitment and how it led the TGWU, along with the majority of sample unions, to support a period of tight wage restraint. Chapters 7 and 8 focus on the internal dynamics of this question. First, however, the next two sections will in turn consider the case of the remaining sample unions in this study: first, the AUEW and, then, NUPE and the FBU.

AUEW

Like the TGWU, the AUEW leadership was for a number of years a very loyal~~ly~~ly of Labour Government incomes policies. As can be seen in Table 4.1, this was the case from 1964 to 1967 when the union supported incomes policies on seven consecutive observations. By 1968, however, the AUEW was with the TGWU perhaps the most vociferous opponent of incomes policy and wage restraint. In common with the TGWU, this official policy support for incomes policy reflected the influence of a union leader, William Carron in the case of the AUEW, who was willing to risk unpopularity among union activists because of an overriding commitment to the goals of the leadership of the Labour Party and a profound belief in the salutary effect of trade union wage moderation on the national economy. In the case of the AUEW, the disjuncture between a leadership commitment to pay policy and union collective bargaining policy was even more acute than in the TGWU. Apart from the negotiation of a national framework

agreement for the engineering industry, bargaining authority in the AUEW was completely decentralized. Unlike the TGWU, AUEW policy-making was highly volatile. As was discussed in Chapter 3, its industrial and political practice was the subject of complex factional battles in the union's multi-tiered structure. Throughout the 1960s, the question of the union's approach to incomes policy was one of the most contentious items in union policy-making. Because the AUEW cast a very large number of votes in TUC and Labour Party policy-making, the endless procedural battles between competing factions which constituted the essence of its political volatility held a particular interest for a much wider audience. Unlike the unions already discussed in this chapter, the TGWU, GMWU and ASTMS, AUEW external political practice was sharply circumscribed by the demands and complexities of its internal political practice. This continued to be the case during the period of the Social Contract. In outlining the policy approach of the AUEW on incomes policy, this section will attempt to highlight the links between collective bargaining policy, internal and external political practice. To do so, it is first necessary to outline the industrial coverage and structure of the AUEW.

The structure of the AUEW provides ample evidence for Turner's (1962: 14) contention that 'British trade unions . . . are historical deposits and repositories of history'. The AUEW was an engineering industry craft union which in the search for organizational stability and in response to technological change gradually opened its ranks to other crafts and then to a much broader semi-skilled membership. Its current structure is the product of amalgamations in 1851 and 1920. Craft unionism was the first stable form of union organization to

emerge (Flanders, 1968: 27). In response to changing market conditions and in the search for greater organizational strength, local craft societies amalgamated into the first national, multi-craft organization in 1851 (see Jeffreys, 1945; Hyman, 1975: 45). This was called the Amalgamated Society of Engineers (ASE). The organizing principles of the ASE, essentially strict craft control, were to a degree undermined by the introduction of new technology, the 'dilution' that accompanied the new machinery and the large-scale penetration of the new general unions in the engineering industry. In 1920, the ASE merged with nine smaller craft unions to form the Amalgamated Engineering Union (AEU) which subsequently aspired to recruit members industry-wide admitting the semi-skilled to its ranks from 1926 and women from 1942.

The current structure of the AEUW is very much a product of these different amalgamations: their attempts to safeguard the local autonomy and control of the amalgamating bodies and to exert local control over national administration. Thus, the constitution of the AEUW is based on the principle of a separation of powers in which the executive, legislature and judiciary all have independent powers to exert checks and balances and all officials in each of the areas are elected at periodic and different intervals (see Fletcher, 1979: 32). The National Committee performs a legislative role. Its annual meeting makes policy, including the union's approach to pay policy, on the basis of resolutions forwarded by branches through district and divisional committees. Its fifty-two members are elected by divisional committees which consist of members elected by district committees which, in turn, are composed of representatives elected by

the branches. The seven-person, full-time executive 'gives effect' to the policies decided by the National Committee and administers the union on a daily basis. Its members are elected by region and is presided over by a President and General Secretary who are elected by the entire membership. The Final Appeal Court, consisting of elected delegates, has the right to review decisions made by the Executive on the basis of branch, district and divisional appeals. Much authority, moreover, resides at local level. Branches make decisions about membership of a trade. District Committees have the duty of 'regulating rates and wages, hours of work, terms of overtime, piecework and general conditions affecting the interests of the trades in their respective districts' (on the role of the different bodies within the union, see AEU, 1966; AUEW(E), 1975). Despite the gradual extension of AUEW membership into the ranks of the semi- and unskilled, AUEW policy-making and officialdom has remained very much the prerogative of the skilled or 'section one' members. Almost all of the AUEW activists and officers interviewed in this study, for example, shared a craft background. The predominance of the skilled in internal union machinery has ensured the continuation of a 'craft ethos', particularly on bargaining policy issues such as differentials, despite the changing composition of AUEW membership. Thus, the high degree of local autonomy, complex system of checks and balances, the extent of officer accountability and the craft ethos have had important implications for both union bargaining policy and internal political practice.

Given its wide coverage of skilled and semi-skilled members, the AUEW has been involved in a broad range of industry-wide bargaining. The most important of these was the National Engineering Agreement

negotiated between the Engineering Employers Federation (EEF) and the Confederation of Shipbuilding and Engineering Unions (CSEU) in which the AUEW played the predominant role. The national procedure agreement in engineering dates from the end of the last century, but the first substantive agreement introducing 'general alterations in wages' in all districts was not signed until 1917 (Clegg, 1976: 201-204). The trend towards industry-wide national regulation of minimum rates and conditions continued to develop through the Second World War. While industry-wide bargaining certainly continued in the post-war period, its significance was in part undermined, especially in the engineering industry, by the growth of domestic bargaining. The Donovan Commission, for instance, noted that there had been 'a decline in the extent to which industry-wide agreements determine actual pay' (Donovan, 1968: 14). It argued that this was due to piecework earnings, additions to the rates at factory level and the volume of overtime - all of which were determined primarily at domestic level. Brown (1973: 9-11) found little link between the national agreement and piecework earnings in the engineering industry. Indeed, Clegg (1976: 291) suggested that the national agreement no longer even provided a framework for domestic bargaining in the engineering industry.

This trend in wage determination certainly corresponded to traditions of local autonomy that were already deeply rooted in the AUEW. However, it posed a fundamental challenge to the whole notion of a bargaining strategy on the part of the union. One local official commented that a bargaining strategy at national level in the AUEW was simply not possible. Rather, there was a 'bargaining

skeleton' on which the shop stewards put the flesh (Interview, 23 September 1980). The primary focus for negotiation was undoubtedly at the level of the workplace through the shop steward. Although the union did acknowledge the legitimacy of the steward, branch structure was on a geographical basis and, therefore, not ideally suited to encourage shop steward participation. The district committee generally convened quarterly shop stewards meetings and the election of shop stewards was formally approved by the district committee. Otherwise, steward bargaining activity was not really integrated into the union's structure (Eaton and Gill, 1981: 87). This growth of domestic bargaining challenged in many ways the relevance of national agreements, both substantive and procedural. The union's national leadership appeared particularly reluctant to sanction the erosion of the national procedure agreement that completely autonomous shop steward bargaining seemed to entail. Thus, the union's president from 1956 to 1967, William Carron, was bitterly opposed to 'unofficial disputes' as he made clear to the Donovan Commission (AEU, 1966).

This leadership posture changed dramatically with the election of Hugh Scanlon to the presidency in 1967. The quantity of dispute benefit paid out by the union increased considerably. In 1971 the union actually withdrew for a number of years from the national procedural agreement. In 1972, it even withdrew from national substantive negotiations and pursued what many later considered the ill-advised strategy of calling on members to pursue new wage claims on either a plant-by-plant or district basis (on the changes in the AUEW, see Undy et al, 1981: 294; on the 1972 local wage negotiations, see Armstrong, 1978). The reality of AUEW bargaining

policy, therefore, corresponded to its decentralized structure. The union illustrated perfectly the problems associated with centralized incomes policies in Britain. Whether the union formally lent its support to such a policy or not, it appeared to make little difference at the workplace unless there were mechanisms to translate that formal support into shop steward support. In the AUEW, the effectiveness of any such mechanisms appeared highly limited.

Formal union support for pay policy was further complicated by the union's internal political process. As mentioned above, this entailed an intricate blend of internal checks and balances which was the result of numerous past skirmishes between members and elected officials (see Richter, 1973; Eaton and Gill, 1981: 84). This system was rendered more complex by the union's tradition of factional political battles. Such a tradition would appear to date back to at least the last century (Edelstein and Warner, 1979: 281-282). It was no doubt encouraged by both the union's practice of frequent elections for all official positions and its deeply engrained local and sectional differences. Roderick Martin (1969: 183-185), for instance, convincingly suggests that in the 1920s and 1930s the National Minority Movement was able to make more rapid progress in the AUEW partly at least because of the union's organizational structure which had grown by amalgamation and incorporated sectional and local separatisms with a weak central executive and a high degree of decentralization.

The Communist Party maintained a significant profile within the union. This also probably contributed to factional activity. For instance, Tom Mann, the union's General Secretary at the time of the

1920 amalgamation, was also a founder member of the British Communist Party. Richter (1973: 92) notes that unlike some of the other major general unions Communist Party (CP) members were never proscribed from holding official positions within the AUEW. He ascribes this 'uneasy coexistence policy' to the strength and prestige of the Communist Party within the union and the relatively weak position and prestige of the national AEU leadership. Factional activity tended to revolve around communist 'acceptability' with literally distinct cycles of relative factional ascendancy (Interviews with a number of AUEW activists, various dates). The left made quite uneven organizational inroads from the amalgamation through to the immediate post-war period. It certainly played a significant role in rebuilding the organizational strength of the union through the late 1930s and during the war (see Croucher, 1982). It appears that the 'right' or anti-CP faction made considerable gains from the early 1950s onwards, particularly after its president, Jack Tanner, broke with his previous support on the left (see Richter, 1973: 45-69). It was in response to its dominance that a new 'broad left' coalition embracing both CP and 'labour left' activists began to organize with particular success in the Manchester and Sheffield areas in the early 1960s (Interview, 12 August 1980). This new coalition culminated with the election of its candidate, Hugh Scanlon, to the presidency in 1967. Once again in response to the success of the 'left', the 'right' reorganized and secured considerable success through the latter half of the 1970s (on the electoral fortunes of the factions through the 1960s and 1970s, see Undy, 1979; and Edelstein and Warner, 1979).

The combination of factional struggle and political structure

produced, as was mentioned in Chapter 3, 'a remarkable recipe for institutionalized conflict about what constituted "the will of the membership"' (Minkin, 1978a: 176). Not only was there internecine conflict between the factions, but the union's system of internal checks and balances provided virtually unlimited scope for further disputes. Moreover, as long as one faction could not achieve complete control in the policy, executive and judicial branches of the union, there was an underlying potential instability in any policy position.

Policy was made at National Committee on the basis of resolutions from branches filtered through district and divisional committees. Unlike the control mechanisms operating in most other unions, executive recommendations to the AUEW policy conference appeared largely subordinate to factional considerations. The President and executive members attended National Committee but they did not vote. There was only limited platform control over results. The main discipline operating on delegates was through factional alliances. The political balance on the National Committee was invariably close. It tended to vary from year to year, and even from issue to issue, especially when there were several 'floating' delegates not attached to either faction. As will be documented in subsequent chapters in relation to AUEW policy on the various phases of the Social Contract, it often appeared that key policy decisions depended uniquely on the position of the handful of 'floating' delegates from the southwestern and northeastern divisions (see chapters 5, 7 and 8). All the rhetoric and persuasive powers of each faction were directed largely towards them. Indeed, many AUEW activists and officers agreed that the variations in factional

balance on the National Committee reflected less any clear expression of industrial or membership sentiment and more the machinations of the electoral machines (Interviews, 26 February, 24 and 27 July, 11 and 26 August, 1980). As a result, the AUEW scarcely could claim a coherent set of policies. This was in some respects politically expedient as the President and Executive were charged with the administration and interpretation of policy.

The infamous 'Carron's law' was grounded in precisely this kind of ambiguity. Separately elected delegations represented the union at both the annual Congress of the TUC and the Labour Party Conference. The President, General Secretary and executive council members also attended. When the union cast its vote, the President who led the delegation was obliged to consult the union delegation but ultimately held the power of interpretation as regards union policy. Given this structure of representation, conflict over what the union's policy was erupted on more than one occasion. This was particularly true in the creation and administration of union policy on wage restraint and incomes policy when Carron invariably supported the platform, often in the face of vehement protestation from the union's delegation which tended to be dominated by the left (see Minkin, 1978a: 175-206). External policy practice has thus been linked to the fortunes of the factions within the union.

It should be emphasized that neither left nor right in the union has shown particular enthusiasm for government intervention in wage bargaining. This reflected the bargaining realities of the AUEW as discussed above. As opposed to unions either composed of more weakly organized groups or operating predominantly within the public sector, the relative ability AUEW members to secure wage increases through

domestic bargaining, particularly those most active in union policy-making, meant that the leadership of the union was less inclined to seek any kind of comprehensive intervention in the wage bargaining system. The union regularly passed motions in favour of free collective bargaining. However, from the 1950s, it also regularly expressed its loyalty and support for the Labour Party and Labour governments. In common with many unions, there arose a tension when the Labour leadership sought restraint in the area of wage bargaining. This tension was conjugated in factional terms. The left generally maintained that, as an AEU spokesperson put in 1948, trade unionists could not accept wage restraint 'in a situation in which the ruling class is battling against the working class' (TUC, 1948: 33). The right appeared more susceptible to 'loyalty' arguments. As can be seen in Table 4.1, the AUEW was less inclined to support incomes policies in the late 1940s prior to Tanner's conversion to Labour loyalism. Richter (1973: 42-44) suggests that there was a strong current of syndicalist thought among AEU leaders at this time. Certainly, their contributions to the TUC debates on pay policy reflected more concern with the impact of a perceived inequality of sacrifice on engineering wage claims than with the problems of the post-war Labour Government (TUC, 1948: 32-33; TUCR, 1948: 501-502; and 1950: 542-544). However, the 1960s experience displayed a different pattern.

Minkin (1978a: 194) notes that loyalty, qualified by a desire to protect free collective bargaining, was the dominant theme in National Committee policy-making in the first two years of the 1960s Labour Government. Whether out of loyalty or a distinct conception

of the economy, William Carron was prepared to embrace a conception of wage bargaining that ran counter to the structure and tradition of bargaining within the union. In reference to the AUEW's support for the government's incomes policy, the union's memorandum to the Donovan Commission noted:

'We are aware of the possibility of divergence between our sectional interests, and national interests, but we recognise that in the long run, with full employment, wage bargaining defeats its own purpose if full bargaining strength is continually exercised so that incomes rise faster than productivity, and real incomes show no advance because of price rises' (AEU, 1966: 967).

On a number of occasions, Carron and John Boyd, a leading member of the executive later to become general secretary, contended that 1964 National Engineering Agreement, known as the 'Package Deal' and which was to last for the unprecedented period of three years, was tangible evidence of the union's readiness, in Carron's words, to contribute 'an element of national stability in following out the policies of the Labour Party' (see, i.e., *ibid.*; Richter, 1973: 96-98).

Despite the AUEW leadership's staunch support for the Labour Government from 1964 to 1967, there was no discernible tide of enthusiasm for wage restraint within the AUEW. Rather, it required all of Carron's loyalty to the Labour Government to secure National Committee majority votes in favour of the policy. When this was no longer possible, from 1965 onwards, he exercised his presidential discretion in TUC and Labour Party votes to interpret the union's policy as he chose to see it, usually on the basis of a National Committee resolution professing one hundred per cent support for the Labour Government. This became known as 'Carron's law' (see Minkin, 1978a: 175-206; Panitch, 1976: 78 and 94). Carron's total support for the Government's policies, however, came at an increasing cost to

the electoral fortunes of his faction.

The broad left's revival in electoral fortunes was clearly associated with its opposition to incomes policy. Given Carron's controversial methods of maintaining union support for incomes policy, the issue of incomes policy became closely linked to the question of union democracy (see, Scanlon, 1967: 6-7). In the 1967 election for the union's presidency, Scanlon represented an end to the alienation of national leaders in the union from the workplace (Richter, 1973: 127). Scanlon (1975: 245) successfully linked incomes policy to the structure of collective bargaining and incomes policy: 'Not only must all restrictions on free collective bargaining be removed, but the structure of bargaining must correspond to reality by giving more power and responsibility at shop floor level'. It was an appealing message to shop stewards in an era of wage restraint; possibly it made the difference in Scanlon's narrow defeat of the heir-apparent, John Boyd, in the presidential election. The political complexion of the National Committee also moved slightly to the left. Thus, by 1967 the National Committee systematically opposed any mention of incomes policy (Minkin, 1978a: 197). While the left was never assured of the control of the National Committee in subsequent years, the union remained completely opposed to incomes policy and there appeared to be no substantial pressures to reverse this position.

Thus, as was mentioned in Chapters 2 and 3, the AUEW was amongst the most vociferous trade union opponents of pay policy at the beginning of the Social Contract period. This was certainly reflected in its 1973 policy decisions. In stark contrast to unions

like the GMWU which then advocated the merits of some kind of voluntary incomes policy accord, a 1973 National Committee resolution, passed by forty-four votes to seven with one abstention, opposed attempts by any government to freeze wages. It further stated that it would not be bound by any TUC-Government-CBI decisions 'which would place restrictions, voluntary or imposed, upon the free collective bargaining of wages and conditions' (AUEW NCR, 1973: 203-205). At the National Conference of the four sections of the amalgamated union two months later, a resolution, passed by forty votes to twenty-nine, was even more uncompromising^{em} as regards the possibility of an entente with a future Labour government. It rejected 'any form of Incomes Policy irrespective of any Government in power' (AUEW AC, 1973: 81).

The AUEW's position on incomes policy was thus as much the product of its internal political process as any statement of bargaining strategy. As long as the left could secure a majority of delegates in its policy forums, there would be categorical opposition to incomes policy. The 'moderate' faction displayed no great enthusiasm for wage restraint, but it did remain open to overtures from a Labour government, provided that any policy agreement would not overly compromise workplace bargaining and the defence of differentials - the core of AUEW local bargaining strategy. The volatility of policy-making was exacerbated by ^{the} existence of floating delegates who could be swayed by the political pressures or the argumentation of either faction. Thus, despite its opposition to pay policy, AUEW external policy positions remained subject to the volatility of its internal political practice.

The other two sample unions, NUPE and the FBU, initially appear to present somewhat different profiles in the context of TUC policy-making on Labour government incomes policies. As can be seen in Table 4.2, the FBU has struck a more oppositional stance than NUPE. The FBU supported General Council recommendations in favour of Labour government pay policies on only two of the seven available observations whereas NUPE cast its votes in favour of the General Council's recommendation on five of eight observations. The fewer available observations in the case of each of these two unions suggests that their public profile on pay policy was less conspicuous than some of the other sample unions, if only because they represented fewer votes than the three largest unions. Despite these different profiles, there are a number of similarities in the pattern of their responses to incomes policies. These similarities arise from their common problem of how to define and pursue a coherent bargaining policy in the public sector, often in the context of direct or indirect government wage guidelines. This section attempts to locate the approaches of NUPE and the FBU to incomes policy in relation to their respective collective bargaining policies. To do so, it is necessary also to take account of their industrial composition, structure and political practice.

NUPE and the FBU share a comparable industrial location. Both operate exclusively in the public sector and organize primarily among manual workers. The FBU could probably be most accurately described as a public sector 'industrial' union. It covers the overwhelming majority of full-time, uniformed firefighters, some part-timers, fire-service control room staff and a substantial proportion of

fire-service officers (the proportion of fire service officers that it represents, as opposed to the National Association of Fire Officers (NAFO) which is not affiliated to the TUC, is a source of continuing dispute; see FBUJ, June and July 1982). The FBU, called the Fireman's Trade Union until 1930, was formed as an offshoot of the Corporation Workers in 1918. Prior to the Second World War, firefighting was often done by policemen. The provision of a fire service by local authorities was not even obligatory until 1938. Thus, the FBU remained a small, primarily London-based organization where there was the greatest concentration of full-time firefighters. Despite bitter internal conflict over the issue of dilution, a change in leadership in 1939 committed the union to the organization of war-time auxiliary firefighters and it grew rapidly as a result. It was, therefore, able to consolidate its industrial presence when the National Fire Service was formed in 1941 and, later, maintain its national coverage when the fire service was denationalized into local authority fire brigades in 1947 (on the history of the FBU, see Radford, 1951 and FBU, 1968). Since then, the FBU has been the sole representative of sub-officer, full-time firefighters in a system of national negotiations with local authority employers.

The structure of the FBU corresponds closely with the structure of the fire service. Its branch unit of organization is the fire station which are grouped into brigades. For union administrative purposes, the sixty-four brigades are grouped into fourteen regions. Each region has a representative on the executive with the exception of the London region which has two. Fire officers and control room staff each also have an executive representative. All union officers

are elected on a regular basis from the ranks of the firefighters. Its occupational homogeneity, industrial cohesion, workplace branches and system of continuous branch balloting contribute to the impression of the FBU as a tightly knit, democratic organization.

NUPE might best be described as a 'sectoral-general union' (Clegg, 1979: 169). The largest proportion of its members are manual workers employed either by local authorities or in the National Health Service, but it also organizes comparable occupational groups in universities and water authorities. Its membership is relatively low-paid, inasmuch as the bulk of its members earn less than the national average for manual workers (see Fryer, 1982: 11). Two-thirds of its members are women, many of whom work part-time. NUPE's origins can be traced to a 1908 split in the Municipal Employees' Association. One part retained the original name until it merged with other general unions to form the GMWU (see above). The other part formed the National Union of Corporation Workers which in 1928 changed its name to the National Union of Public Employees. These two unions along with the TGWU have since been engaged in a bitter competition for the recruitment of public sector manual workers. NUPE has been particularly known for its aspiration to be the 'industrial union' of the public sector, as opposed to the other two general unions which recruited across a wide range of industries. From the appointment of Bryn Roberts as general secretary in 1934, NUPE pursued an aggressive 'Expansion Plan' aimed at the recruitment of county local authority workers and the ultimate achievement of national bargaining. Union membership rose rapidly from only 13,000 in 1934 to 50,000 in 1939, to 100,000 in 1945, to over 200,000 by the early 1960s, and over 500,000 by the mid-1970s. This growth was no

doubt stimulated, first, by the establishment of national local authority bargaining machinery during the war and, then, by the tremendous expansion of public service employment in the post-war, especially after the creation of the National Health Service in 1948 (on the history of NUPE and its expansion, see Craik, 1955; Dix and McKeown, 1968; Fryer, 1982; Eaton and Gill, 1981: 245-246). NUPE's growth record was all the more remarkable because it was achieved in the face of inter-union competition, largely at the expense of the GMWU (Clegg, 1979: 185). Its early claims to industrial unionism and the success of an expansion plan initiated from the top have contributed to its legitimate reputation as an officer-led, campaigning union. NUPE's reputation in this sense must be understood in relation to the particular importance of its general secretary, Bryn Roberts, in the development of the union.

The internal and external political practice of both NUPE and the FBU has been particularly marked by the long tenure of a general secretary who, in each case, served in that capacity for more than twenty-five years. John Horner was general secretary of the FBU from 1939 to 1964. Bryn Roberts was general secretary of NUPE from 1934 to 1962. During this time, both the FBU and NUPE developed from small, local organizations struggling to improve quite different local rates to national bodies negotiating relatively uniform terms and conditions for their members across an entire industry. Their success in achieving this transformation meant that the internal and external political practice of each union was closely associated with the style, personality and political predilections of the two general secretaries. Both in fact had reputations as outspoken socialists

and they generally held sway within their own unions in the articulation of their views. It is of historical note that Roberts's and Horner's predecessors shared a comparable orientation in their political practice. Jim Bradley, the founder of the FBU and its general secretary from 1922 to 1929, and Jack Wills, the general secretary of NUPE from 1925 to 1933, shared a similar orientation in their external political practice (see FBU, 1968; Radford, 1951; Dix and McKeown, 1968; and Fryer, 1982). Horner was a prominent member of the Communist Party. It has also been suggested that the FBU executive was for a time dominated by CP members or sympathizers (Interview, 29 August 1980). However, along with other FBU officials, Horner resigned from the CP after the Hungarian uprising in 1956 (Wigham, 1961:126-127; 1969: 135). Upon retirement, he was elected as a Labour MP and remained very much identified with the left of the party (Interview, 29 August 1980; see also Muller, 1977: 178). Roberts was also identified with the left of the Labour Party, particularly the Bevanites in the 1950s, and remained a particularly outspoken critic of the conservatism of the TUC leadership (Craik, 1955; Bryn Roberts, 1961). Thus, both unions were identified as somewhere on the left of TUC and Labour Party affiliate political practice.

The FBU has been exceptionally active in terms of its external political practice. Harrison (1960: 204) referred to it as a 'dissident left-wing union' noting that between 1945 and 1958 it submitted more resolutions and amendments to Labour Party Conferences than either the TGWU or GMWU. The FBU championed a wide range of causes and was particularly active in the Campaign for Nuclear Disarmament (FBU, 1968). Minkin (1978a: 123) notes that it voted

regularly with the left at Party Conferences in the 1950s and 1960s. The volume of its activity, he suggests, stemmed from the 'belief that the union ought to take a positive political role' (ibid: 39). In terms of its internal political practice, the FBU held regular workplace branch ballots for all official positions. Horner's membership of the Communist Party, at least until 1956, along with some of the executive, suggests that there was an element of factionalism in these elections. Allen (1954: 201) somewhat euphemistically observes that Horner's original election 'may have been decided by the influence of a determined political minority'. Edelstein and Warner (1979: 195) hold that there was continuous operation of factions within the FBU during the period of their investigation, from 1948 to 1966. However, they confess that their information on factional organization 'leaves something to be desired'. Interview evidence in this study suggests that 'formal' factions in the FBU diminished in importance with the departure of a number of leading figures in the union from the CP. Rather, there have been periodic, loose and varying alliances at executive level which were not translated into inter-regional factional activity (Interviews, 10 and 18 July 1980). The internal political practice of the union, however, has generally been dominated by left activists of whatever particular persuasion, even though, as many activists acknowledge, this is not necessarily an accurate reflection of the somewhat conservative, 'uninformed' membership (Interviews, 12 June and 10 July 1980). A regular feature of the union's journal, The Firefighter, has been letters from members protesting about the volume of articles on 'politics' (see, i.e., FBUJ, March, July-

August, October 1974; December 1976).

NUPE's external political practice has reflected Roberts's particular political vision, most important in which was the concern to defend and advance the union's particular industrial position vis-a-vis its competitors in the public sector. Although the general secretary of NUPE is appointed by and accountable to its executive, NUPE has provided a classic example of general secretary dominance; what Turner (1962: 291) has labelled 'popular bossdom'. These are unions in which 'the relations which actually exist between the membership and key officials will depend very much on the latter's style of leadership'. Roberts's twenty-eight years at NUPE's helm provided ample opportunity for him to exert his style of leadership. Indeed, Clegg (1979: 201) refers to Roberts's 'almost autocratic sway' over the union. He remained a staunch advocate of the centralization of power within the union. He opposed the devolution of power within unions, which he argued would exacerbate inter-union competition and thus impede the development of industrial unionism. He even dissuaded the NUPE executive from its intention to appoint an assistant general secretary (Craik, 1968: 80-86). Certainly, the union's external political practice reflected this internal dominance. Thus, as was noted above and in conformity with Roberts's particular vision, NUPE generally remained on the left of the Labour Party supporting, for instance, nationalization in opposition to the the revisionists (see Minkin, 1978a: 127).

There were, however, limits to unbridled 'officialdom' (on the case of NUPE, see Fryer, 1982; more generally, see Hyman, 1971: 32-33). Roberts's particular political vision, whatever its orientation, could not lead an indefinite existence independent of

NUPE's industrial and political realities (on the failure of many commentators to link trade union 'political' behaviour to their 'industrial strategies' and their refractions within unions' internal relationships', see Hyman, 1983: 62). The predominant theme in NUPE's external political discourse, primarily through the TUC, was that of rationalizing trade union structure through industrial unionism. Such an industrial vision, indeed NUPE's sustaining myth, was, of course, related to its strategy of expansion in the face of significant inter-union competition. Thus, the union has regularly advocated the merits of industrial unionism within the TUC and vehemently attacked the organizational conservatism of the general union leaderships (see, i.e., Roberts, 1961; NUPE, 1963). Its leaders have in this sense argued the merits of enhanced interventionist powers on the part of the TUC (see, Craik, 1955: 184-185).

It was perhaps this self-conscious concern with union and industrial structure, if not with growth, which has more recently led the union's leadership to re-examine internal political and industrial practice. A concern to maintain its rhythm of expansion and campaigning effectiveness, what sustained the union's historic claim to industrial unionism, was readily apparent in the union's 1975 reorganization. Prompted by both the impending reorganization of local government, health and water authorities in 1974 and the growing workload on full-time officials resulting from the introduction of local productivity bargaining in the public sector, the union commissioned a Warwick University research team to investigate and make recommendations on possible changes in the

union's structure (Fryer et al., 1974; see also Undy et al, 1981: 299-300). These resulting changes, sponsored by the union's leadership, sought to foster a new, more participative mode of union decision-making which would modify substantially the union's traditions of centralization and membership reliance on full-time officers. Workplace, shop steward organizations were to be encouraged and integrated into the 'grass roots', internal government of the union; branch and district structures were realigned to correspond with the new administrative divisions within the sector; links between workplace organization and higher decisional instances within the union were clearly articulated and formalized; and it was, thus, intended that the union achieve an enhanced servicing and campaigning ability both nationally and locally (see Fryer et al., 1974; NUPE, 1975b&c; Clegg, 1979: 217-218; Undy et al, 1981: 299-300). It is of particular significance for an understanding of NUPE policies and industrial behaviour that these changes were implemented and first tried during the Social Contract incomes policies. In the case of NUPE, this is a theme which will reemerge in subsequent chapters. The apparent irony of the democratization was, of course, that it was sponsored quite strategically by full-time officials from the national office (Interviews with senior officials, various dates; Fryer (1982) was well-placed to provide a particularly sensitive analysis of this contradictory dynamic within NUPE).

The approach of both NUPE and the FBU to past incomes policies cannot be dissociated from their common problem of how to define and pursue an effective bargaining policy in their centralized public sector negotiating machinery. Each has been involved since the Second World War in a system of national bargaining with local

authority representatives. National negotiations were particularly important because nationally-determined rates accounted for a relatively high percentage of earnings for members of both unions. On the basis of 1966 figures, for instance, the composition of the average firefighter's earnings consisted of 93.1 per cent from basic pay, 5.3 per cent from overtime earnings and just 1.6 per cent from other pay such as local allowances (calculated from Appendix 4, NBPI, 1967a). This ratio remained virtually the same in 1975. Basic pay accounted for 92.9 per cent of earnings and overtime for 4.9 per cent. Comparable figures indicate that firefighters' basic rates were significantly more important than for the average male manual worker who in the same year gained 74.2 per cent of earnings from basic rates, 14.3 per cent from overtime and 11.6 percent from productivity schemes, shift bonuses and other payments (see Fallick and Elliot, 1981: 151). Similarly, Fryer et al (1974) found that until the mid- to late 1960s the amount of local bargaining within NUPE was negligible and a high proportion of its members' earnings was determined nationally. On the basis of all nationally-determined rates including overtime, London allowances and shift premiums, they estimated the proportion of earnings determined at this level to be 87.6 per cent in 1963, 86.2 per cent in 1974 and 78 per cent in 1975.

The national focus of bargaining has certainly highlighted the key role of national leadership in both unions, as should be apparent from the importance of Horner and Roberts in the evolution of their respective unions. Both their location in the public sector and the structure of the employers' representation have also contributed to the importance of political action in the pursuit of their bargaining

strategies. The employer side in both the fire service and local authority manual worker negotiations is politically mixed representing both Labour- and Conservative-controlled local authorities. This type of multilateral bargaining has meant that political action and public campaigns, both national and local, have been important vehicles in the bargaining policy of each of the unions. Major changes in the terms and conditions of their members have more often come about as a result of public inquiry than of negotiation or industrial action, though in the 1970s industrial action became an important method of securing a public inquiry. During the 1940s and 1950s, both unions regularly had recourse to the industrial courts for arbitration. They were also profoundly influenced by separate references to the National Board for Prices and Incomes in the 1960s (see NBPI, 1967a & b). The importance of public sympathy and political action further stimulated the leadership of the two unions to launch public campaigns to improve the pay and conditions of their members. The FBU has promoted successive campaigns to achieve a re-evaluation of the role and skill of the firefighter. This resulted in various inquiries in the 1970s which would provide important arguments in the FBU's eventual challenge to the Phase III guidelines in 1977-1978 (see Holroyd, 1970; Cunningham, 1971; also, Chapters 7 and 8). From the late 1960s and during the 1970s, NUPE played an increasingly prominent role in successive campaigns to tackle low pay (see, i.e., Fisher and Dix, 1974). As in the case of ASTMS discussed above, a high public profile was also a useful recruiting device for NUPE which grew rapidly in the face of fierce inter-union competition within the sector.

Incomes policies have tended to be perceived by FBU and NUPE members as more restrictive than for their private sector counterparts: first, because there has been extremely limited scope for wage drift in the public sector occupations covered by these two unions; secondly, because it was felt that the government as employer often applied incomes policies more rigorously to its own employees than to those in the private sector. As was noted in the sections on the GMWU, TGWU and AUEW above, the post-war period was characterized by a growing wage drift in the private sector in which workplace bargaining, as opposed to the national negotiation of wage rates, played an increasingly significant role in the determination of earnings and working conditions. There was generally some element of fair comparison or comparability in the determination of public sector wages with the movement of those in the private sector (Clegg, 1979: 109). However, the unions maintained that local authority employer representatives more frequently made reference to movements in wage rates (see, i.e., TUCR, 1965: 486). Incomes policy guidelines generally applied to rates more than earnings. Thus, a recurrent theme on the part of both NUPE and the FBU was that fair comparisons could only be made on the basis of earnings. The FBU general secretary repeatedly argued that the TUC must seek 'a formula for settling wages in the public service that is more equitable than simple comparability with wage rate movements' and solve what he perceived as the problem of a built-in disparity between wage rates and earnings (TUCR, 1964: 451-452; TUC, 1965: 50; TUCR, 1968: 625 and 1969: 610). NUPE leaders made similar arguments. Indeed, the union's executive readily endorsed the possibility of pursuing

productivity schemes for local government and health service manual workers as suggested in the Prices and Incomes Board Report No. 29 (NBPI, 1967b) because 'it presents . . . a real opportunity to close the gap between the earnings of public employees and those of comparable workers' (NUPEJ, June 1967; see also Craik, 1968: 107-108; Dix and McKeown, 1968).

Both NUPE and the FBU have also protested against what they perceived as the inequity of a differential effect of incomes policies on government employees. The Conservative government's 1961-1962 'pay pause' was probably 'the first clear example of government discrimination against the public sector' (Winchester, 1983: 164-165). It incited protests from both unions (see FBU, 1968; and NUPE, 1963). However, both NUPE and the FBU have been caught on a number of other occasions by the introduction of a Labour government pay policy and asked either to defer or to drop a claim in order to comply with the new wage guidelines. The FBU vehemently protested against government interference with its negotiations in 1948-1949 and clearly blamed the 'wage freeze' for the loss of its much valued parity with the police who were able to get a special award despite the policy (see TUCR, 1950: 540-541; Radford, 1951: 179). Indeed, Kahn (1962: 178) notes that the 1948-1950 pay policy was highly effective in the fire service. It can thus probably be inferred that Tables 4.1 and 4.2 understate the degree of FBU opposition to incomes policy because it is most likely that the FBU opposed the policy on the three occasions when observations were not available during this period. Not only was the leadership of the union politically opposed to pay policy, but the specific policy had particularly severe industrial consequences for FBU members. The

July 1966 wage standstill invalidated or delayed settlements that had already been reached by both the FBU and NUPE, resulting in references to the Prices and Incomes Board. While the leaders of both unions had been willing to support the operation of the voluntary policy in 1964-1965, they opposed the freeze and many of the policies that followed. Indeed, the FBU opposed the policy even before the freeze noting that 'the voluntary participation aspect of prices and incomes policy . . . has completely disappeared' (TUCR, 1965: 486). The FBU executive appeared so incensed about the freeze that it later proposed that the TUC 'oppose all forms of legislation restricting the implementation of trade union negotiated settlements' (TUCR, 1967: 638). Both NUPE and the FBU were also directly affected by the Heath government's 1972 wage freeze and they opposed it and subsequent policies (see Chapter 3). Thus, both unions have frequently attacked the effect of incomes policies, particularly what they perceived as the inequities propagated by rigid wage norms in the public sector.

This dissatisfaction with the impact of successive incomes policies on public sector workers was a prime factor in the general upsurge in public sector militancy in the late 1960s and 1970s. Both NUPE and FBU members have experienced an increasing impulse towards industrial action. This erupted in unofficial action on the part of NUPE members in 1969 followed by official strike action in local government services in 1970 and in the health service in 1973. Similarly, the FBU was involved in limited unofficial action in London in 1968 and 1969 and in a more extensive strike in Glasgow in 1973.

The 1967 Prices and Incomes Board report created particular problems for the FBU. In lieu of productivity increases which were difficult to achieve in a service such as firefighting, it recommended that firemen who were 'prepared to extend their hours of availability from forty-eight to fifty-six hours a week' could increase their pay through a consolidated bonus shift without loss of efficiency to the Fire Service (NBPI, 1967a: 10-13, 17). The FBU executive left it to the discretion of individual brigades whether to operate the bonus shift or not. Most brigades chose to abandon the forty-eight hour week and to re-implement the fifty-six hour schedule, an ironic reversal of the reduced working hours that they had long campaigned for and only just achieved. The significant exception was the Glasgow brigade. Undermanned at the time, overtime work was readily available. The Glasgow brigade chose to work casual overtime, rather than the bonus shift. This allowed greater choice and flexibility in hours. This option, however, soon created an anomaly as the bonus shift was consolidated in the calculation of pensions and other benefits, whereas normal overtime was not. As earnings continued to lag behind and bargaining results were restricted by successive pay policies, widespread dissatisfaction resulted in sporadic unofficial action in a number of localities and an attempt to form a break-away union in the London brigade (see, i.e., FT, 19 November 1969; 24 September, 22 December 1970; and 8 October 1971; also ACAS, 1977: 85-105). Indeed, there were sufficient problems in the Fire Service to commission successive inquiries in 1970 and 1971, the latter of which recommended a move to a forty-eight hour week (Holroyd, 1970; Cunningham, 1971).

The increasing pressures on the system of national bargaining

were evident as local brigades, contrary to union policy, attempted to negotiate various 'plus' payments to supplement their earnings. These pressures culminated in Glasgow where dissatisfaction was so intense that it led to a ten day, unofficial strike, the first full-scale withdrawal of labour in the history of the fire service, and the suspension of local officials by the national union executive (Interviews, 18 July, 29 August, 22 and 23 September 1980; see also The Times, 10 October 1973; FT, 26 October 1973; DT, 30 October 1973). Despite the FBU's official opposition to the dispute, it was probably because of it that the employers shortly thereafter met the union's long-standing demand and conceded the principle of the forty-eight hour week to be implemented the following year (see FBUJ, November 1973). Moreover, pressures within the FBU remained very strong. The subsequent internal discussions culminated in the union's controversial policy decision in 1974 to ban all overtime upon implementation of the new, reduced working hours (FBUJ, November, 1974). This was envisaged as a way of focusing attention on the need to improve national rates and would lead, as is discussed in Chapter 8, to the FBU's challenge to the Labour government's Phase III pay policy in 1977-1978.

Leading officials in both unions acknowledged that the experience of unofficial industrial action had a profound impact on attitudes within their unions (Interviews, 10 July, 29 August, 14 October and 14 November, 1980). Industrial action had hitherto been regarded as almost unthinkable in the prime public service occupations such as firefighting, refuse collection, hospital ancillary work, school maintenance and meal preparation and nursing.

The experience of industrial action challenged lethargic bargaining practices on the part of many officials, greatly stimulated the development of workplace union organization, and encouraged the growth of a new generation of public sector activists and officials. This invigoration of bargaining practice no doubt made both NUPE and the FBU less acquiescent bargaining partners inasmuch as it stimulated workplace pressures on national union leaderships. The development of this new public sector militancy, thus, made both NUPE and FBU officials less receptive to pay policy if, as was invariably the case, the policy was designed to restrict wage rate increases or if acceptance of such policies exposed them to undue membership pressure.

Yet, both unions have continued to be preoccupied by the problem of pay determination in the public sector. Certainly, neither appeared wedded to the free-market determination of wages and both have consistently advocated the merits of planning within the Labour Party and the TUC. Their bargaining strategies have generally revolved around the search for some kind of mechanism whereby 'fair' comparisons could be made to improve the wages of their members. The leaders of both NUPE and the FBU have acknowledged that if such mechanisms were inherently close to incomes policy, then they must be of a more equitable variety than what had hitherto been the case.

As is suggested by the somewhat different profiles emerging from Tables 4.1 and 4.2, NUPE representatives have more readily embraced the concept of incomes policy than have those of the FBU. This is possibly due to both different political traditions and different bargaining coverage and strategies. The FBU's opposition was considerably more outspoken in the late 1940s when its leadership was

prominently linked with the Communist Party which opposed the wage restraint policy (see, i.e., TUCR, 1948: 495). While the FBU certainly remained on the left of TUC political practice in the 1960s, its discourse on pay policy was less frequently 'anti-capitalist' and more specifically industrial. FBU bargaining policy was until the 1950s dominated by its claim for parity with the police (see FBU, 1968; Radford, 1951; Wootton, 1955: 133-134). Thereafter, the principal preoccupation was the effect on firefighters of the growing disparity between wage rates and earnings. Thus, FBU leaders expressed their opposition to the effects of particular policies, particularly when they directly interfered with negotiated settlements. However, they often came close to accepting the logic of some kind of incomes policy. Indeed, prior to the 1966 wage freeze, the union's general secretary, Terry Parry, noted that, as the union was in the public service and not in the free market, 'it is natural then that we are not questioning the wisdom of the price freeze and an incomes policy' (TUC, 1965: 50). Rather, union spokespersons questioned the equity of specific aspects of the 1960s policies, such as controls on prices and profits, and particularly requested that they should address the problems of groups of workers such as the firefighters who were excluded from incentives schemes (ibid; TUCR, 1968: 625 and 1969: 610).

The NUPE leadership has consistently attempted to link notions of economic planning and incomes policy with a more rational system of wage bargaining, the reform of trade union structure and an enhanced TUC role in the coordination of its affiliates. This support for a positive incomes policy was a logical extension of its

advocacy of industrial unionism and a reflection of its own broad bargaining coverage and strategy. Bryn Roberts was a particularly persistent advocate of reforms in trade union structure and a more powerful TUC role in bargaining (see, i.e., Bryn Roberts, 1961; also Craik, 1955: 184-185). In 1953, for instance, he argued that the TUC should investigate the possibility of 'a long-term wage policy . . . which will ensure higher, more stable and more equitable wage standards to all sections of the Movement' and that it should further consider 'the changes, if any, which may be necessary in the practice and organization of the trade unions in order to give effect to such a policy' (NUPE motion at the 1953 TUC, cited in Wootton, 1955: 118).

NUPE remained a strong supporter of planning in the 1960s (see, i.e., TUCR, 1964: 449). Indeed, it was in the hope of resolving the problem of low pay in the public sector that NUPE first moved a reference to the Prices and Incomes Board in 1966 and then supported its findings (see above; also, Fryer, 1982). NUPE leaders, however, were basically disappointed with the results of the 1960s pay policies. As one official put it, the union was not against incomes policy in principle. Rather, it had voted against particular pay policies because they had not done anything for the low paid (Interview, 6 October, 1980). However, they also believed that a return to free collective bargaining would not solve the problem of low pay (Fisher and Dix, 1974: 45). Thus, in the early 1970s NUPE moved away from the voluntarist position of the large, general unions and became perhaps the leading advocate of a national minimum wage. As opposed to a 'negative policy of unilateral Government wage restraint', this, it was argued, would be 'a policy jointly generated by the unions and a Socialist Government intended to favour the

working class by assisting the low paid' (ibid: 46). For the NUPE leadership, therefore, the key element of the new Social Contract was to be a common strategy on low pay.

By the early Social Contract period, therefore, both NUPE and the FBU demonstrated a certain ambivalence on the question of wages policy. Both had accumulated a number of specific grievances about the impact of past incomes policies on the wages and conditions of their members. Both opposed wage freezes and policies that did not tackle earnings other than wages and prices. Neither union leadership subscribed to the view that wage increases accounted for the rapid increase in the rate of price inflation. Yet, both continued to grapple with the problem of pay determination in the public sector, with particular reference, of course, to their own memberships. The FBU with its relatively small and specialized membership tended to concentrate on a narrower range of comparisons, rather than global schemes for the determination of public sector pay. The FBU leadership, faced with mounting internal pressures, was by 1974 primarily concerned with a major redefinition of the role and earnings of the firefighter. It had, therefore, sponsored a contentious ban on overtime which further increased internal pressures for increases in earnings. NUPE, with its larger, low-paid membership and virtual sectoral coverage, tended to address more macro-economic schemes for wage bargaining, planning and the alleviation of problems of low pay. Its leaders had argued the case for wages planning and a 'positive incomes policy' that would effectively tackle the problem of low pay. By 1974 NUPE had focused its campaigning activities almost exclusively on the question of low

pay and the achievement of a national minimum wage. Its acceptance of any type of incomes policy was therefore contingent on the provisions of such a policy for the low-paid. Given that Jack Jones was also a staunch advocate of the cause of the low-paid, it was not entirely coincidental, as is noted in Chapter 5, that a central provision of the Social Contract Mark I policy was its scope for greater increases in earnings by the low-paid.

CONCLUSION

This chapter has attempted to provide an historical overview of the approach of British trade unions to post-war incomes policies, particularly those implemented by Labour governments with varying degrees of TUC support. More particularly, it has identified patterns of opposition and support for such policies among the sample unions in this study and investigated the internal dynamics of these individual union positions. To conclude this chapter, two summary points are addressed briefly. First, what were the principal union approaches to incomes policy? Secondly, what were the key determinants of these different approaches?

Chapter 3 explored some of the numerous differences within and between TUC affiliates as regards their approaches to incomes policy. In the case of the sample unions, this chapter has attempted to add both organizational and historical dimensions to these differences. There are, in fact, a number of common aspects in their approaches. First, all of the sample unions were generally opposed to statutory intervention in wage determination. Even the most ardent advocates of incomes policy, the GMWU throughout much of the post-war period, the TGWU during Deakin's years as general secretary, and the AUEW during

the first years of the 1960s Labour government while Lord Carron was still its president, did not support government regulation of wages. Rather, they supported the notion of voluntary policies and remained profoundly wedded to this concept of voluntarism, to the extent of opposing even a statutory minimum wage. Similarly, both NUPE and the FBU changed their support of Labour government pay policies in the 1960s to opposition when it was judged that 'the voluntary aspect of prices and incomes policy' had been eroded (see, i.e., TUCR, 1965: 486). ASTMS, the remaining sample union, remained quite simply categorically opposed to government intervention in wage determination, statutory or otherwise. Secondly, all of the sample unions remained formally opposed to wage restraint. There appears to be no evidence of groups of workers campaigning for either lower levels of wages or wage restraint. More commonly, in any of the unions that did at some point support wage moderation, there were numerous examples of groups within those unions vehemently protesting this policy orientation. Thirdly, all of the sample unions were affiliated to both the TUC and the Labour Party and, as such, remained open to appeals from these organizations, subject to their calls for unity and solidarity.

Differences in degree within these common approaches to pay policy, however, led to quite distinct organizational profiles. First, the degree of attachment to the principle of voluntarism varied quite markedly between the sample unions. While all were opposed to 'statutory intervention' reflecting an historic aversion to the role of the courts in industrial relations (see Wedderburn, 1971), some of the sample unions were quite prepared to consider

other possibilities of intervention; indeed, such intervention was integral to their bargaining policies. ASTMS, the AUEW and the TGWU remained strongly opposed to external intervention in wage bargaining, with the possible exception of an occasional voluntary reference to arbitration in the case of a weakly organized group of workers or a particularly recalcitrant employer. The FBU, GMWU and NUPE, on the other hand, were more inclined to integrate external intervention in their bargaining policies as a solution to the problems of either low pay or public sector wage determination. These same differences tended to be reflected in the preparedness of the sample unions to accept TUC intervention in wage bargaining as both the GMWU and NUPE consistently advocated an enhanced TUC role. Secondly, the sample unions or their respective leaderships also differed in degree as regards their willingness to consider the possibility of wage restraint, especially in relation to requests from Labour governments. This willingness must be understood, as discussed in Chapter 3, in the context of different ideological approaches to inflation, the role of collective bargaining therein and the nature of trade union relations with the state. Some union leaders were clearly willing to consider their wage bargaining behaviour in relation to national economic performance; others were only inclined to do so at the request of Labour governments; and yet others were prepared to consider voluntary modifications in wage bargaining behaviour at the request of Labour governments if they did not entail wage restraint. Frank Cousins was, of course, the most important proponent of this latter approach arguing that the TGWU would not accept a policy of wage restraint, but it was willing to embrace the notion of 'a planned growth of incomes' in concert with

a Labour government, provided that this did not impinge on the principle of voluntary collective bargaining. As was suggested in Chapter 3, Jack Jones, the driving force in the Social Contract negotiations between the TUC and the Labour Party, maintained a virtually identical approach in the early 1970s.

This survey of the dynamics of sample union approaches to incomes policies suggests that there are quite distinct organizational profiles on this question. What are the key determinants of these different approaches? It would appear from the analysis of the sample unions that a number of factors influence union policy orientations. As was argued in Chapter 1, incomes policies generally affect unions' industrial and political practice. In doing so, they create a unique set of problems and tensions for trade unions as intermediary organizations. Certainly, there can be no simple explanation for the different collective bargaining postures of the sample unions, but it is possible to identify the key sets of variables. These include the composition of membership and industrial location, collective bargaining policy, and internal and external political practice. However, no single factor is determinant. ✓

The composition of a union's membership and its industrial location are clearly very significant in the determination of union approaches to pay policy. The FBU and NUPE, for instance, share the common problems of a manual membership located exclusively in the public sector. Although often similar, their profiles on pay policy have been far from identical. The composition of the TGWU and GMWU memberships is broadly comparable, general manual workers located 7

across a wide range of industries, indeed often the same ones. Yet, their profiles on incomes policies have been markedly different. The AUEW and ASTMS also share a common perspective in the defence of their skilled members, even though the AUEW also has a large general membership. While ASTMS has been a consistent opponent of pay policy, the AUEW profile has displayed marked variations which could not be easily explained by shifts in the composition of membership or the defence of their particular wages and working conditions.

Union collective bargaining policies provide further important insights into orientations to pay policy. They represent a certain strategic conception of both the defence and advancement of existing members' working conditions in particular industrial contexts and the possibilities for consolidation and expansion of the union organization. These may or may not be compatible with the definition of wage guidelines external to the union-employer relationship. There appears to be a close link between TGWU opposition to incomes policy in the 1960s, for instance, and the development of a distinct bargaining policy. Similarly, GMWU leaders have explicitly linked their espousal of incomes policies with the defence of their members' labour market position. NUPE and FBU leaders have also argued at various times that the determination of the wages and working conditions of their public sector members was scarcely incompatible with the operation of incomes policies, though that by no means entailed unqualified support for all pay policies, especially those that were targeted at wage rates rather than earnings. Conversely, ASTMS leaders have argued, either explicitly or implicitly, that the defence of their members and the expansion of their organization were incompatible with wage policy guidelines.

Such collective bargaining policies are, however, characterized by their organizational specificity. In this sense, they are defined, as Arthur Ross (1948) has suggested, through a political process. Collective bargaining policies are, therefore, subject to a range of influences internal and external to the union. Moreover, even when a union has a well defined bargaining policy, which is not always the case, support or opposition on pay policy questions might arise despite rather than because of collective bargaining policy or involve important shifts in existing policy. Shifts in AUEW policy, for instance, are not easily accounted for by the union's collective bargaining policy. Finally, collective bargaining policies or strategies are just as likely to be emergent as deliberate, the result of a stream of actions, rather than any readily identifiable policy decision (on these distinctions, see Mintzberg and Waters, 1985). Thus, collective bargaining policy can clearly be significant in the determination of union approaches to incomes policy. However, it is the highly specific product of political processes both internal and external to the union. Sometimes, it might act as an autonomous influence. At other times, it might emerge in tandem with a particular approach to pay policy, shaped by the same political process. This points to the need for analysis of unions' internal and external political practice for an understanding of union approaches to incomes policy.

Internal political practice, as it is shaped and conditioned by the particular structure and culture of a union, provides important clues to continuities and discontinuities in union policy and the degree of leadership discretion in policy-making. Historical

specificity must ultimately play a key role in any explanation of union political behaviour. Why, for instance, has ASTMS historically struck a 'radical' position when it would seem that the nature of its membership would predispose it to a more conservative set of policies? This is also the case with the FBU. Why should an organization with its quasi-military ranks and disciplinary procedures strike a position on the left of the TUC? The explanations of these types of orientation in internal and external political practice are historically contingent rather than deterministic. However, trade unions, as repositories of these historical contingencies, possess particular structures and cultures which contribute to their approach to pay policy. The AUEW's complex, multi-tiered structure and culture of rigid political factions, for instance, is crucial to any explanation of the marked shifts in its official policy. Conversely, the system of government in the GMWU and its associated political culture is significant in explaining the high degree of continuity in its approach to incomes policy. In the case of the TGWU, it might be suggested that the degree of leadership discretion can at least partially account for both continuities and changes in its approach to Labour government incomes policies.

Changes in leadership can be indicative of changes and trends which are generalized throughout a union. They can also bring substantive policy changes in and of themselves, particularly where the degree of leadership discretion is high. The TGWU would seem to meet both of these criteria in its change of approach to incomes policy with the election of Cousins as leader in 1956. The AUEW experienced a similar transformation with the election of Scanlon to

the presidency in 1966, though his election was more indicative of changes already taking place than it was of a particular leadership discretion to effect policy changes. In this sense, it is important to assess whether changes in official policy orientation represent substantive changes in union industrial and political activities or only nominal changes in the internal policy process. This requires consideration, inter alia, of the structure of policy-making.

Internal political practice is certainly influenced by the structure of union policy-making. Of particular importance is the link between industrial policy-making and other or 'political' policy-making. Such a distinction can often obscure more than inform. Incomes policy is the perfect example of the inseparability of industrial and political issues. Indeed, as was argued in Chapter 1, this is the interest of examining union approaches to pay policy and the impact of pay policies on trade unions. It is significant, however, that consent to incomes policy is often treated as a 'political' rather than an 'industrial' question. As such, it is dealt with independent of industrial issues in unions with a clearly bifurcated structure such as the GMWU, TGWU and ASTMS. On the other hand, incomes policies would be treated on the same agenda as many industrial items in the AUEW, the FBU and, to a degree, NUPE. This division of labour in certain unions and not others has important implications for the internal political process of incomes policies. Moreover, it raises questions about the actual meaning of policy commitments either to support or oppose incomes policies, particularly in terms of industrial behaviour. The significance of sample union policy positions on pay policy for the internal

political process will be of central concern in investigating the anatomy of the Social Contract incomes policies in subsequent chapters.

External political practice also exerts a significant influence on internal political practice, particularly at leadership level. Certain unions, or more accurately their leaders, have played a crucial mediating role in the determination of TUC policy, Labour Party policy, and also in the tenor of TUC relations with government. The intermediary nature of the relationship has meant that individual union policy and the political process which determines it are affected by external developments as much as they influence these developments. The leaders of the TGWU, GMWU, and AUEW, as opposed to those of ASTMS, NUPE, and the FBU, have by dint of the size of their unions and their particular location in the hierarchy of TUC policy-making played crucial brokerage roles. In this sense, the results of their particular internal political processes have mattered more externally than is the case with the smaller unions. By the same token, the capacity of external agents or intermediaries to influence that internal political process is affected by the prevalence of particular political traditions, rationalities and strategies within individual unions. Certainly, the most important example is that of 'labourism' or loyalty to the Labour Party; though this might also apply to solidarity with TUC policy positions.

As Labour Party affiliates, it seems that all of the sample unions have at some point been willing to embrace policies promulgated by a Labour government that they would not otherwise accept from a Conservative government. However, some union leaderships have been willing to go much further in this direction

than others. The leadership of the GMWU has, for instance, demonstrated an exceptional willingness to align, if not subordinate, some of its objectives with those of the Parliamentary leadership of the Labour Party. On the other hand, the culture of loyalty to the 'needs' of the Labour Party would seem to exert a less important influence among the white-collar members of ASTMS than many of the other unions, even though the leadership of ASTMS has for a variety of reasons cultivated an exceptionally high policy profile in both the TUC and the Labour Party. Important elements in the internal political culture of a number of the sample unions, especially the AUEW and the FBU, have displayed a more 'oppositional' rationality. As discussed in Chapter 3 and applied to incomes policies, this implied that there was little, if any, scope under the existing economic system to discuss with either Labour or Conservative governments the distribution of wages. The relative strength of such rationalities in unions' internal political practice is, along with a variety of other pertinent organizational variables, important in determining the susceptibility of a particular union leader to external political arguments. It would be interesting to extend this consideration of the interaction between external and internal political practice and its impact on approaches to pay policy to the case of a union affiliated to the TUC, but not to the Labour Party. Chapter 5 will briefly consider the case of the National Association of Local Government Officers (NALGO) in the context of the TUC's voluntary pay guidelines. Otherwise, this is a gap in the sample of this study which could be usefully rectified in further research.

What emerges then from this analysis of sample union approaches

to incomes policies are a range of specific organizational profiles ranging from total opposition to qualified support. What was the position of the sample unions in this study in early 1974? ASTMS remained categorically opposed to the concept of incomes policies. This was also the official position of the AUEW, although its president, Hugh Scanlon, had been personally impressed by the possibilities of a bargain with Heath in the TUC-Government talks in 1972 (see Chapter 3). The TGWU was also clearly opposed to pay policies inasmuch as they entailed either wage restraint or intervention in voluntary collective bargaining. However, it remained open to the possibilities of a 'planned growth of real incomes' in the context of a Labour government. NUPE and the FBU were also opposed to formal incomes policies, but they both continued to grapple with the problems of pay determination in the public sector. In this regard, NUPE with its broader membership coverage was more concerned with a global solution to these problems and was therefore possibly less averse to the concept of wage planning. Finally, the leadership of the GMWU openly espoused what it perceived as the merits of a voluntary incomes policy and argued that the TUC should take the lead in designing such a policy.

Given this range of individual policy positions on the question, it is scarcely surprising that the TUC policy should appear profoundly ambiguous as regards the role that it might play in a Social Contract counter-inflation policy. As was argued in Chapter 3, the TUC was not in a position to endorse openly the concept of incomes policy because of these internal political constraints. Yet, the General Council was willing to exert a more interventionist stance to resolve the miners' strike and TUC leaders were clearly

aware that the leadership of the Parliamentary Labour Party was primarily interested in a trade union commitment to incomes policy in return for the implementation of the Social Contract programme. Chapter 5 will trace the development of these tensions between the TUC and the new Labour government.

As regards the determinants of the different positions taken by the sample unions, the link between pay and politics is clearly important, but the nature of and continuities and discontinuities in that link are subject to the influence of a variety of factors. This would appear to support Hyman's contention (1983: 65) that union mediation between membership and external forces, in other words policy formulation and implementation and the political processes which affect them, 'operates within an area of autonomous influence, but this autonomy is likely to vary according to material and historical context'. Thus, union approaches to incomes policy are likely to vary between unions and even within unions over time. Their analysis requires a sensitivity to a range of factors, particularly membership composition and industrial location, collective bargaining policy, and internal and external political practice. The second part of Chapter 3 and Chapter 4 have attempted to establish the empirical case for the analysis of the internal dynamics of incomes policies. As was argued in Chapter 1, the external dynamics of incomes policies, at the level of policy-making within the TUC and the Labour Party and between the TUC and the government, are clearly contingent on these internal dynamics. They also condition them. The interface between the internal and external dynamics of incomes policy, perhaps what might be termed the

dialectic between them, will be a central theme through the remainder of this study. Chapters 5 and 6 will be centrally concerned with the external dynamics of the Social Contract incomes policies. Chapters 7 and 8 will, in the case of the sample unions, examine the internal dynamics of these same policies and their implications for the ultimate fate of the Social Contract incomes policies.

CHAPTER 5

THE VOLUNTARY PAY GUIDELINES 1974-1975

Chapters 2 and 3 traced the origins and formulation of the Social Contract between the TUC and the Labour Party. This chapter examines the creation and operation of a voluntary incomes policy during the first sixteen months of the new Labour Government in 1974-1975. This period will be referred to as the Social Contract 'Mark I'. In tracing the development of TUC-Government relations during this period, the chapter focuses on the discussions on pay bargaining, the implementation of a voluntary pay policy informally administered by the TUC, and the increasing pressures for a more draconian set of measures. The central concern is, therefore, with TUC policy-making: its search to develop a coordinated bargaining strategy which would limit the expression of inflationary pressures in return for both access to government and the implementation of policies agreed within the Liaison Committee, the determinants of and limits on its capacity to construct such a strategy, and the operation of this policy of voluntary restraint. Since the Social Contract Mark I was but one episode in the longer history of Social Contract incomes policies, it also seeks to assess significance of the evolution of relations between the TUC and the Government for the competing conceptions of the Social Contract and how the relative

failure of the TUC's voluntary guidelines led to much tighter phases of incomes policy between 1975 and 1979.

Throughout the 1974-1975 period, the TUC was constantly preoccupied with the question of incomes policy. It should be clear from Chapters 2 and 3 that despite the pressures from the leadership of the PLP, the TUC representatives had consistently sought to avoid any formal commitment to an incomes policy in their Liaison Committee discussions. There were several reasons for this. It was politically unfeasible to commit the Congress to an incomes policy in the future when it was at the same time expressing its opposition to the Heath Government pay policies. More importantly, the leadership of the TUC was far from united in a belief in either the efficacy, practicability or desirability of such policies. The decentralized structure of collective bargaining in Britain, the veritable 'Achilles Heel' of British incomes policies, made it difficult to exert any form of centralized control in the realm of pay bargaining. The lesson of post-war British incomes policies seemed to be that centralized controls invariably led to a host of anomalies in differentials, relativities and other wage comparisons which rapidly eroded the legitimacy of the policies and ultimately led to their breakdown. The internal authority of the TUC basically reflected this bargaining reality. It had few real powers over the bargaining activities of its affiliates except in extraordinary circumstances, such as the miners' conflict, where it had limited powers of intervention to explore the possibilities of dispute settlement when significant numbers of other TUC members were affected. A search for a solution to this crisis had, in fact, pushed the TUC to a more or

less explicit undertaking to abide by the provisions of Stage Three. The new Labour Government was clearly counting on the TUC to maintain its offer in return for a settlement to the dispute. The TUC representatives on the Liaison Committee had also indicated that trade unionists would respond favourably to the new bargaining climate once a Labour Government had begun to implement the Social Contract policies in concert with the trade union movement. It was not clear, however, how such a promise would be translated into industrial practice.

There were clearly quite different approaches among TUC affiliates to both TUC intervention in wage bargaining and the notion of incomes policy. As was suggested in Chapter 4, some TUC affiliates had attempted to decentralize further their bargaining activities. Union leaders such as Jack Jones of the TGWU and Hugh Scanlon of the AUEW had sought to bring bargaining activity closer to shop stewards at the workplace and away from industry-wide national agreements. For this vision of autonomous workplace organizations bargaining free of government or central union interference, free collective bargaining was an ideological touchstone. Yet, some trade unionists readily accepted the economic arguments advanced by social democratic proponents of the Social Contract in favour of incomes policies in a full employment economy. Others, while not advocating formal incomes policies, were certainly receptive to the idea of an enhanced TUC role in the coordination of pay bargaining. These differences meant that the TUC could not easily become engaged in incomes policy adventures, however defined, because there was no consensus on the matter. A commitment to abide by Stage Three, tacit or otherwise, was already a delicate operation for the TUC. The TUC

leadership had no other route to its internal and external policy objectives than the careful construction of a consensus among the leaders of key affiliates which then might be more widely propagated within both those unions and TUC affiliates in general. The fragility of this process was apparent in the case of the AUEW which only narrowly decided not to intensify industrial action in pursuit of an engineering wage claim which it had argued was not subject to the Social Contract. Similarly, the limits of the process were clear in the case of the National Association of Local Government Officers (NALGO). In the spring of 1974, it refused to comply with a TUC request to suspend its industrial action in pursuit of a claim in excess of the Stage Three guidelines. This episode will be explored further below. Although the new Labour Government appeared to command the support of many trade union activists, too overt a commitment to pay policy was bound to incite an even more hostile response within a number of affiliates and jeopardize future policy initiatives.

How, therefore, was the TUC to reconcile the contrasting approaches between its own affiliates yet alone meet the expectations of the new government in terms of a response on wage bargaining? This was a question that exercised many minds in the TUC through the spring of 1974. It also highlighted the nature of TUC policy-making and the chain of 'consensus-building' on which it rests. The central problem was how to design a set of policy recommendations which could be translated into real bargaining behaviour in an extremely volatile bargaining climate. The Social Contract Mark I would normally have been a 're-entry phase' from a tight period of incomes policy under

the Heath Government (see Davies, 1979). The policy had to appear credible, yet command the consent of the overwhelming majority of affiliated unions, and be sufficiently flexible so as not to infringe too overtly on the operation of free collective bargaining. The TUC ultimately proposed a voluntary policy in which the wage claims of affiliated unions should not exceed changes in the cost of living. It was argued that there was no scope for increases in real living standards. The onus of control over claims was to be placed within the affiliated unions where it resided in any case. It was hoped that negotiators would adhere to the recommended guidelines because they were voluntary. Trade unionists would do so voluntarily because the Social Contract represented a new relationship between trade unions and government. It therefore became extremely important for the TUC and individual union leaders to promote the merits of the Social Contract. Since the new Labour Government was re-elected in October 1974, it can be argued that the Social Contract was, indeed, successfully promoted. However, many Ministers in the Labour Government were increasingly concerned that the Government's economic objectives were being undermined by rapidly rising rates of wage and price inflation. As the Government's belief in the potential of the TUC's Social Contract guidelines waned, it hinted at the future implementation of a much more rigid wage control policy. By the spring of 1975, neither party to the Social Contract seemed optimistic about its future.

This chapter is divided into three main parts. The first part examines the attempt by the TUC to encourage its affiliates to abide by Stage Three of the Heath Government's pay policy in return for the repeal of the Industrial Relations Act and the implementation of

other policy items agreed in Liaison Committee discussions. It also traces the tentative steps towards the development of a more coordinated bargaining strategy by TUC affiliates in response to the government's economic policies. The second part highlights the fragility and limitations of TUC influence in the process of consensus-building towards such a policy and its implementation. In particular, it looks at the AUEW's engineering wage claim and NALGO's 'London weighting' dispute to illustrate the process. Finally, the third part of the chapter examines the operation of the Social Contract 'Mark I' policy; considers its implications for sample union policy-making and industrial practice; and assesses its significance for the further development of the Social Contract.

The evolution of TUC-Government relations during this period led to growing disillusionment with the Social Contract. In the face of rising rates of price inflation and high wage settlements, the TUC sought to defend its policy and demonstrate its viability. The CBI, meanwhile, pressed the Government for new counter-inflation policy initiatives. Under growing financial pressure, the Government, contrary to both TUC appeals and the joint programme as developed in the Liaison Committee, increasingly resorted to stringent deflationary measures as the main thrust in its counter-inflation policy. The socialist conception of the Social Contract meanwhile was eclipsed. This growing economic crisis set the stage for two years of very tight wage restraint to which the TUC ultimately lent its consent. This 1975-1977 period is the subject of chapters 6 and 7.

TOWARDS A VOLUNTARY PAY POLICY

To comprehend the genesis of the Social Contract Mark I policy, it is necessary to appreciate the sense of euphoria in trade union circles that accompanied the election of the minority Labour government. The election had broken the impasse in the miners' dispute. The government was pledged to a new era of union-government cooperation. The contentious Industrial Relations Act was to be repealed and replaced with a legislative package drafted in concert with the TUC. The Pay Board was also to be abolished. The appointment of Michael Foot, an acknowledged friend of the unions and outspoken backbench critic of the policies of the 1960s Wilson governments, as Secretary of State for Employment seemed to symbolize the change in atmosphere. It was seen as an inspired signal by the new Prime Minister, Harold Wilson, that he intended to carry out the Labour Party's manifesto and proceed on the basis of the Social Contract (see Castle, 1980: 30; FT, 11 March 1974; and Hatfield, 1978: 230). Jack Jones waxed eloquent on the new possibilities for the labour movement: 'a new spirit is abroad at Westminster. The voice of the ordinary people has found expression there and in spite of the grim economic situation the prospects for social justice and socialism are much better than they have ever been in many a long year' (TGWUJ, April 1974).

The Government's capacity to fulfill expectations was, however, limited by its minority status, the continuing operation of industrial relations legislation and incomes policies initiated by the Heath Government, and a deteriorating economic situation. First, as a minority government, the potential for bold legislative

initiative was certainly circumscribed. Secondly, the Heath Government's Industrial Relations Act and the third stage of its pay policy continued to operate. A confrontation between the National Industrial Relations Court and the AUEW over the Con-Mech case was in fact imminent.¹ The repeal of the Industrial Relations Act would, however, take several months as legislation to replace it had to be drafted. Moreover, parliamentary approval for any repeal bill was not assured. Confrontation with a number of bargaining groups over the restrictions in pay increases stipulated under Stage Three, which were still legally enforceable, also appeared likely. The new Secretary of State for Employment had already indicated that the miners' settlement did not mean any abandonment of the Stage Three guidelines. Otherwise, he told the Cabinet, 'the floodgates would be opened' before the Government had negotiated a voluntary agreement with the TUC (Castle, 1980: 39). The fear of an explosion of wage increases was particularly acute because of a third constraint on government initiatives, the rapid deterioration in the economic climate. The new Chancellor, Denis Healey, described Britain's economic prospects to an early Cabinet meeting as possibly the worst ever faced in peacetime (ibid.: 42). The rate of price inflation had accelerated to fifteen per cent per annum by March 1974 and showed no sign of abating. Inflationary wage pressures would increase further as the threshold payments outlined in the Stage Three provisions were likely to be triggered a number of times in the coming months. The balance of payments deficit for the month of February had set new records and the CBI's industrial trends survey for the month of January indicated the lowest level of business confidence in sixteen years (Glyn and Harrison, 1980: 101). Chances of an externally led

recovery were particularly slim as the western economies slid into the major recession of 1974-1975. Thus, the Chancellor warned that the Government's financial resources were under severe pressure. Public expenditure would have to be strictly controlled and a growing deficit would be financed through international loans as increases in taxation would only augment further the rate of inflation and undermine relative international competitiveness. As will be made clear in Chapter 6, this recourse to the international money markets made the pound sterling increasingly vulnerable to currency speculation. This, in turn, exerted severe pressures on domestic economic policy leading to a period of rigid wage restraint and reduced public expenditure. That, however, anticipates events. The Chancellor, meanwhile, insisted that apart from the major policy items already agreed in the Liaison Committee with the TUC - pension increases, food subsidies and rent controls - all other expenditure items listed in the Party's programme, such as nationalization, would have to be delayed in their implementation. Moreover, he maintained that there was no scope for increases in living standards in 1974-1975.

These constraints, especially the dour economic prospects, created difficult problems for both Labour Party politicians who faced a possible early general election and trade union leaders who wanted to sell the merits of the Social Contract to their respective union policy conferences and executives. It must be re-emphasized that in most union policy forums, apart from the occasional and unproblematic endorsement of the work of the Liaison Committee, the concept of a Social Contract was not debated until the spring and

summer of 1974. The principal problem for both the TUC and the Government, therefore, was how to manage the gap between growing expectations and possible ability to deliver.

The Social Contract had to be dramatized as a credible working arrangement between the TUC and the new Government so that trade unionists believed that a new legislative agenda, agreed in conjunction with the TUC, was being implemented and the electorate believed that trade union negotiators would be willing to translate their support for these new measures into modified industrial behaviour that would not accelerate further the growing levels of inflation. The task for the Government, therefore, was to implement as many new measures as possible given its minority status and existing financial constraints. The task for the TUC was to convince its affiliated members that the Social Contract was delivering the proverbial 'goods', most notably the repeal of the Industrial Relations Act, and that wage bargainers should not excite wage expectations with 'exorbitant' wage claims. Rather, in Jack Jones's words, they should concentrate on 'the preparation of realistic claims . . . as part of our response to the socially just measures brought in by a sympathetic Government' (TGWUJ, April 1974). The TUC leadership had to construct as large a consensus as possible around this position among its key affiliates. Otherwise, the possibility of any concerted positive response would rapidly evaporate. Trade unionists had 'to accept that all things cannot be achieved at once' (ibid.). The Government had to appreciate the organizational constraints acting upon the TUC, particularly the reluctance of a number of affiliates to adhere openly, if at all, to the Stage Three guidelines and their continued opposition to any interference in wage

bargaining. It was a complex and sensitive political operation within both individual unions and the TUC.

The TUC did not openly endorse the observance of the Stage Three guidelines, nor was it in a position to do so. However, in their early meetings with the new Government, the TUC representatives privately indicated that they would not oppose the Stage Three limits if the Government was proceeding forward with the repeal of the Industrial Relations Act (Observer, 17 March 1974; FT, 18 March 1974; Castle, 1980: 45). As will be discussed in the next section, there were clearly differences of opinion within the TUC General Council at this time about the observance of Stage Three. The compromise entailed no public recognition of the Heath policy, but de facto acceptance until they could agree on voluntary guidelines to replace it. Thus, in its March Economic Review, the TUC reiterated its undertaking that affiliates would not cite the miners' settlement in their own claims, that negotiations would be influenced by the constructive policies of the new Government, and that it would encourage its affiliates 'to adopt negotiating policies which focus on the need to restrain unit costs and which ensure a response to effective developments on the prices front' (TUCER, 1974). The March budget featured many of these 'constructive' policies that were aimed to influence trade union negotiators. The most important features of the budget had been developed in discussions in the Liaison Committee and then requested by the TUC in its Economic Review. These included higher pensions, food and rent subsidies, and some redistributive measures. This was possibly the first time that a government had accepted most of the TUC budget recommendations.

Even though the overall direction of the budget was broadly neutral, if not slightly deflationary, and the Chancellor revised downwards the TUC's requested growth target from three and a half to two and a half per cent, thereby prompting fears of increased unemployment, the measures were greeted with enthusiasm by TUC leaders (see TUC ECD, 27 March 1974).² The Guardian and The Times gave equally valid, if somewhat contradictory, interpretations of the budget strategy. The Chancellor, suggested the Guardian (27 March 1974), 'has deliberately angled the Budget to get the TUC on the Government's side'. The Times leader focused on the TUC strategy: 'by asking broadly for what they thought they could get and then declaring that, broadly, they were satisfied, the TUC dramatized the idea of the social contract as an arrangement that had something in it for the unions' (29 March 1974).

The onus was, thus, on the TUC to define its 'positive' response to the budget. After a post-budget General Council meeting, the TUC General Secretary, Len Murray, stated that there was general recognition of the very limited scope for increases in personal consumption and that the Government was entitled 'to look to the General Council and the unions to do all that they can to impress on their membership the need to relate collective bargaining to the achievement of what are agreed economic and social objectives' (The Times, 28 March 1974). The TUC leadership was clearly edging towards a much more specific commitment on pay in return for the implementation of various economic and social measures. The limits on its ability to do so, however, were two-fold. Firstly, the TUC was not in a position to deliver 'wage moderation' even if its leaders should have chosen to do so. There were important limits on

the TUC's ability to enforce any policy. Len Murray effectively illustrated the limits of the TUC's central authority when he stated that the TUC could not instruct or command, but only commend policies to its members (cited in IDS Report 182, April 1974). As a central trade union body with a high degree of affiliate autonomy, the TUC depended more on the mobilization of consent for its policies than on the use of sanctions. The limits of that mobilization of consent, what might be termed a chain of consensus-building at leadership level from which point consent is then mobilized, will provide the focus for the next section as well as reappear in subsequent chapters. Secondly, the scope for TUC policy initiatives was not only circumscribed by the limits of its internal authority. There was also a prevailing belief within Congress House that wage moderation through traditional incomes policies was not only unacceptable but ineffective. Thus, it was committed to the concept of a voluntary approach which was perhaps the only policy route which might also secure internal acceptance.

If the TUC could not construct an effective policy, however, then the possibility of continued Government cooperation diminished greatly. That, of course, was the paradox of the TUC's intermediary role. As Len Murray told the conference of the National Federation of Professional Workers, 'If we have nothing to give governments, then they will have nothing to give us' (FT, 3 April 1974). The logic of the political exchange, as it was constructed during these months and had been implicit in the Liaison Committee discussions, was that the TUC exert a moderating influence over the industrial behaviour of its affiliates in return for continued access to and

influence over government policy formulation and implementation. The external limits of this exchange were two-fold. First, the Labour Government had to convince the electorate of the viability of its special relationship with the unions. It was clearly obtaining a measure of success in this objective as the July 1974 National Opinion Poll concluded that industrial relations was the one issue which stood out in the public mind as better handled by one party than any other (44 per cent mentioned the Labour Party, 21 per cent the Conservatives and 29 per cent no party at all). Otherwise, Labour and the Conservatives were equivalent in their public profiles (NOP Political Bulletin, July 1974: 22-23). The Labour Party was thus encouraged to make the Social Contract the central theme of the October 1974 election. Secondly, as regards the external limits, the Government had to demonstrate the viability of its economic strategy. This was to be achieved partly through performance and partly through that chimera known as 'business confidence', both domestic and international. As noted above, the internal limits of the exchange related to the ability of TUC leaders first to generate an internal consensus at leadership level around the concept of the Social Contract and the policies that it entailed. They then had to secure the consent and cooperation of trade union members in its implementation, primarily within affiliated unions. Clark et al. (1980: 92-97) have also identified this process of internal consensus-building as extremely important for the subsequent implementation of policy within the TUC. TUC leaders insisted on a voluntary policy defined within the TUC because they believed that it was the only kind of policy which might command consent and, therefore, be moderately effective.

The TUC, thus, increasingly assumed a more public role in the construction of this voluntary policy. Trade union leaders simultaneously promoted the merits of the Social Contract to their members. It should be emphasized that apart from the very rare reference to the idea of a "workers' charter" or "social contract" with a future Labour government by union leaders such as Jones, Basnett and Jenkins, neither the concept nor the substance of a Social Contract was debated at any of the sample union policy conferences until the spring and summer of 1974 (TGWU BDC, 10 July 1973;-- GMWUAC, 1973: 370-271; ASTMS AC, 1973). The immediate priority for the TUC, however, was the transitional arrangements until the end of Stage Three and the abolition of the Pay Board. The Government had clearly indicated that unions must hold to the Stage Three limits or risk a wage explosion which, it argued, would exacerbate already grave economic problems. Potential TUC guidelines assumed a particular importance because a number of prominent TUC affiliates, notably the engineering workers and several white-collar groups in the public sector such as NALGO, were pursuing claims and possible industrial action in breach of the Stage Three guidelines which they argued were not applicable to their cases. The cases of the AUEW and NALGO will be analyzed further below as they illustrate the nature of consensus-building within the TUC and the limits of TUC authority over the industrial practice of its affiliates.

As an interim measure towards the construction of a voluntary policy, the TUC representatives at the April meeting of the National Economic Development Council (NEDC), including Hugh Scanlon, the

leader of the AUEW, noted that despite the TUC's 'well known objections to a statutory policy, trade unions were willing to settle claims broadly in line with the patterns that had been operative' (NEDC, 3 April 1974). The TUC would, therefore, try 'to persuade trade union members to be realistic in their wage claims, placing emphasis on the cost of living' (ibid.). The TUC Economic Committee subsequently issued a circular to affiliated unions outlining the positions taken in its Economic Review and by its representatives at the April NEDC meeting. It specifically requested that unions maintain the general level of settlements, that they not cite the miners' settlement in their claims, that they take into account the constructive policies of the new Government, and that they seek the advice of the General Council if they encountered difficulties in conforming to the spirit of this policy. The circular noted that the TUC would be consulting further with the Government and the CBI on a policy to take effect upon the abolition of the Pay Board 3. The Economic Committee suggested that since there would be little scope for real increases in consumption, affiliated unions, while focusing on the importance of unit labour costs, should emphasize the maintenance of real incomes and the improvement of priority areas such as low pay, pensions, equal pay and various non-wage benefits. The TUC, it emphasized, did not envisage rigid, centralized guidelines. Rather, it proposed to return full responsibility to negotiators who could take account of the industrial and economic situation (TUC Circular 135, 11 April 1974).

Thus, the TUC embarked on the definition of its own voluntary policy which had to command both the consent and the active cooperation of its affiliates. The guidelines for this new policy,

entitled Collective Bargaining and the Social Contract, were submitted to the Economic Committee and, subsequently, despite some reservations, approved unanimously at the 26 June meeting of the General Council (TUC, 1974; Guardian and The Times, 27 June 1974).⁴ Collective Bargaining and the Social Contract repeated the main points in the TUC's April circular. Given the problem of price inflation, the limited scope for increases in real incomes, and the constructive policies of the new Government including the imminent restoration of free collective bargaining, the statement asked union negotiators to focus on the maintenance of real incomes. An important element of flexibility, and, ultimately, a source of considerable ambiguity, was the choice given to negotiators to claim compensation for rises in the cost of living either 'since the last settlement' or 'during the period of the new agreement'. A twelve-month interval between major increases, as previously stipulated in Stage Three, continued to apply. Priority was to be given, on the one hand, to unit costs and conciliation procedures in the resolution of disputes, and, on the other hand, to the improvement of priority areas such as low pay below a basic minimum target of twenty-five pounds weekly (later increased to thirty pounds), equal pay, and non-wage benefits. The guidelines certainly contained enough flexibility to maintain a fragile consensus at General Council level; though there was immediate opposition expressed within a number of unions to any policy designed to hold down wages or limit free collective bargaining (see, i.e., MS, 11 June 1974). However, when the preliminary agenda for the September Congress was published, the only motion critical of the Social Contract came from TASS, then the

relatively autonomous white-collar section of the AUEW (FT, 31 July 1974). As a result of considerable pressures exerted by the President of the Engineering Section of the AUEW, Hugh Scanlon, this motion was in fact withdrawn at the September Congress (Interviews, 18 March and 30 April, 1980).

The TUC, thus, elaborated its Social Contract Mark I guidelines with at least surface unanimity. However, since economic circumstances were far from promising, the pressures on the policy from without and within were from the beginning very intense. The pressures from without were already apparent when the Liaison Committee met in June. The Chancellor explained that price rises had hitherto been fuelled by the increase in commodity prices, not wages, but these price rises were now levelling off. Therefore, the key element in the control of inflation over the coming year 'would be the attitude the unions took to wage claims'. When he suggested that the TUC should consider 'monitoring machinery', the TUC representatives made it clear that such a concept was incompatible with the 'new atmosphere in which collective bargaining should operate' (LCR, 24 June 1974; Castle, 1980: 119-121). Such external pressures would increase markedly over the following year. The performance of the Social Contract Mark I and its implications for the further development of the Social Contract incomes policies are the central theme of the third part of this chapter. The next section will briefly consider some of the pressures from within, particularly the nature of and limits of consensus-building within the TUC.

THE LIMITS OF CONSENSUS-BUILDING

The previous section traced the TUC's attempt to construct a voluntary pay policy during the first months of the 1974 Labour Government. It emphasized the limits of the TUC's internal authority in such an endeavour and the need to build a consensus at leadership level around such a policy, if the policy was subsequently to be implemented by affiliated unions. This section explores further this process of consensus-building and its political fragility. Although the TUC did not explicitly endorse compliance with the Stage Three policy, even its muted role in promoting the settlement of claims 'broadly in line with the patterns that had been operative' (NEDC, 3 April 1974) created internal problems vis-a-vis the industrial practice of its affiliates. The largest potential dispute involved the national engineering pay claim which the AUEW President, Hugh Scanlon, had argued was not subject to the Stage Three guidelines (FT, 8 April 1974). The AUEW National Committee, in the face of intense publicity and pleading by the Government, narrowly voted in April 1974 to authorize its representatives to settle the claim, rather than accelerate industrial action. In contrast, despite a request from the TUC to suspend its campaign of industrial action in support of a 'London weighting' claim in May and June 1974 pending a Pay Board report, NALGO continued to intensify its industrial action. Each of these cases is a telling illustration of the interface between internal and external policy-making within unions. In particular, they illustrate how external political processes impinge on internal union policy-making and how, in turn, a union's internal political process affects consensus-building within the TUC. This

section deals with each of these examples in order to highlight the nature of consensus-building within the TUC and the limits of TUC authority over the industrial practice of its affiliates.

The AUEW and the National Engineering Pay Claim

The April 1974 National Committee debate of the AUEW Engineering section on the national engineering pay claim was generally regarded as the 'first real indication of whether militant unions [were] likely to modify pay claims in return for the social policies which the Government [was] pledged to pursue' (DT, 22 April 1974). It was thus perceived as a symbol of the credibility of the Social Contract, 'a major test of the TUC's ability to live up to its side of the Social Contract' (FT, 22 April 1974). The negotiations, in fact, predated the election of the new Government and the TUC's efforts to construct voluntary wage guidelines. The union first presented its claim in September 1973. The Engineering Employers' Federation (EEF) responded only in December. Subsequent negotiations were soon overtaken by the miners' dispute, the imposition of the three-day week and the general election. Progress was in fact so slow that, prior to the announcement of the election, in order to advance the claim a recalled National Committee had authorized the executive to impose an overtime ban at an appropriate time (AUEWJ, March 1974; Daily Mail, 4 January 1974). The CSEU executive considered imposing the ban after the election, but delayed it until mid-April, just before the annual National Committee meeting, in order to give the new Government and the EEF further time (Guardian, 11 March 1974; AUEWJ, May 1974). Thus, when the National Committee met to formulate its next wage claim, it still had to settle that of the previous

year. Ironically, by this time, the national claim had largely been superseded by local deals (FT, 8 April 1974). As was suggested in Chapter 4, this was in fact typical of the two-tier structure of bargaining in the engineering industry in which the national tier was no longer particularly significant for the determination of earnings at the level of the workplace. In this sense, the significance of the engineering claim for the Social Contract was more symbolic than substantive; though the immediate implementation of a national-level settlement might have created some problems at the enterprise level for the observance of Stage Three.

In the context of TUC and Government attempts to effect a smooth transition from the Stage Three statutory policy to voluntary guidelines, however, symbolism was extremely important. The engineering union was at this time the apotheosis of industrial power, primarily because of its sustained challenge to the Industrial Relations Act. Indeed, for many activists in the AUEW, the union's impending confrontation with the NIRC over the Con-Mech case was really the most important item on the April National Committee agenda (see note 1 above). If the AUEW breached the Stage Three guidelines, it would stimulate the aspirations of other bargaining groups. Despite Scanlon's repeated assertions to the contrary, the claim and supporting overtime ban were perceived as a challenge to the Social Contract (AUEWJ, April 1974). That is undoubtedly why Michael Foot presented his views on pay bargaining and the Social Contract to the National Committee. Foot drew the attention of the delegates to the Government's legislative programme and accomplishments to date and, in return, 'called for a year of industrial peace and intelligent pay settlements to help overcome the nation's economic problems' (DT, 24

April 1974).

The internal political process of the AUEW was always volatile. In 1974 the National Committee was fairly evenly divided between 'left' and 'right' or 'progressives' and 'moderates'. The left might have gained a slight edge, but a handful of 'floating' delegates, those not attached to either faction, could tip the political balance in either direction on any given issue. Certainly, the support of the union for a Social Contract which implied any form of wage moderation was open to question. The resolutions submitted by Divisional Committees to the 1974 National Committee reflected recent AUEW bargaining policy in this direction. They were virulently opposed to wage restraint. Moreover, they tended to reflect a residue of suspicion about the performance of previous Labour governments calling for the return of a Labour government 'dedicated to socialist policies', 'pledged to implement a real socialist programme' and 'pledged to carry out Labour Party Conference decisions' (AUEW NCR, 1974: 95-97).

The moderates favoured an end to the overtime ban, for which they argued there was little membership support, an early settlement of the national claim on the best possible terms with further gains to be negotiated at local level, and support of the new Government and its Social Contract (Interviews, 26 February, 14 and 28 March, and 2 June 1980). The left maintained that the union's policy of improving minimum national rates was more important than any impending election. The overtime ban, therefore, should be continued until the EEF improved its offer (Interviews, 18 March, 30 April, 24 July, 23 September and 15 October 1980). At that time, the attitude

of the left on the Social Contract, particularly the Communist Party whose members played an important role within the left organization in the AUEW, was somewhat ambiguous.⁵ Those on the left within the National Committee tended to suggest that if the Government would fully implement the Social Contract programme, only then would the union consider what kind of wage bargaining response might be appropriate. Indeed, Scanlon told the National Committee that 'any restraint on our part regarding future wage claims would be dependent upon an acceptable settlement of our current claim and on the realization of the most essential points in Labour's programme' (AUEW NCR, 1974: 181).

The result of the vote was typical of the vagaries of the AUEW political process. By a margin of twenty-seven to twenty-five the National Committee resolved to obtain 'the best possible settlement in the present circumstances' (AUEW NCR, 1974: 193). This, in effect, authorized the executive to end the overtime ban and settle as quickly as possible. The future AUEW claim would be considered later in the year in the light of economic and political circumstances. It was seen as a surprising victory for the Social Contract. It had appeared on the day of the vote that the two factions would be evenly split on the pay claim. All of the rhetoric was directed at the few floating delegates, primarily three from the Northeast and one from Cornwall (Interviews, 14 and 28 March, and 23 September 1980). When the delegates from the Northeast were persuaded to support the new Labour Government and vote for a settlement, it appeared that there might be a tied vote. The result was decided, in fact, at the tea break before the final vote when the delegate from Cornwall, who it was thought might vote with the left,

decided to 'support Michael Foot and the Social Contract' (Sunday Times, 28 April 1974). Thus, neither for the first or the last time, a major external political decision with possible ramifications for the future of TUC-Government relations was contingent on the volatile internal political process of the AUEW.

This episode highlights the fragility of consensus-building at the level of the TUC. Only two weeks prior to the National Committee meeting, the TUC had issued guidelines which endorsed, however implicitly, observance of the Stage Three guidelines as a trade union response to the kinds of policies being implemented by the new Government. Scanlon, who was a key party to the Social Contract negotiations and at the centre of TUC decision-making, remained extremely ambiguous in his public comments on the Social Contract. Unlike some of the other sample union leaders, he did not openly sell the merits of the Social Contract during this period. Indeed, he was particularly critical of wage moderation schemes noting that there 'existed no guarantee that savings resulting from trade union modification of wage settlements would result in price reductions or increased investments' (AUEWJ, July 1974). He also argued that the wage claim discussed at the April National Committee was not subject to either Stage Three or the Social Contract and that the impact of the Social Contract on future wage claims would have to be assessed in the light of the implementation of Labour's programme (DT, 15 January 1974; The Times, 10 April 1974; AUEW NCR, 1974: 181).

In the context of TUC efforts to construct an internal consensus around the need to moderate wage claims as a response to the implementation of the Social Contract policies, this could scarcely

be interpreted as enthusiastic endorsement of the Social Contract. Yet, Scanlon had privately insisted to Cabinet Ministers that the AUEW was not 'out to break the Counter-Inflation Act' (Castle, 1980: 55). Indeed, his relatively low-key, 'wait-and-see' approach to the Social Contract at both the April National Committee and June National Conference meetings were deemed by many to be sensitive to the political contingencies of his union and helpful for the progress of the Social Contract (Interviews, 28 March and 30 April 1980; CIS Report No. 18, n.d.: 5; Scotsman, 25 April 1974; Guardian, 20 June 1974). This was clearly the case at the 1974 TUC when Scanlon personally prevailed on Ken Gill to withdraw a TASS motion critical of the Social Contract (Interviews, 18 March and 30 April, 1980). The internal political process of the AUEW clearly imposed limits on its president's relative policy discretion. In particular, his own organizational constituency in the rigidly factionalized AUEW, the 'left', tended to be more critical of the project around which the TUC leadership was attempting to construct a consensus. If Scanlon wished to endorse unequivocally such a project, this would leave him reliant on the moderate faction for support. Scanlon could ultimately seek the consent of the moderate faction within the AUEW for the Social Contract project because he did not face the prospect of another presidential election in which he would require the left's organizational support. Indeed, his independence from a rigid factional tie would become increasingly manifest. Scanlon's ambiguity on the Social Contract during the spring and summer of 1974 might genuinely have been his own, but it also reflected the conflicting interpretations of contending forces within the union to which he remained subject. These internal union dynamics highlighted the

fragility of the chain of consensus-building at leadership level within the TUC.

NALGO and the London Weighting Dispute

In contrast to the success of the TUC and the Government in persuading the AUEW to settle its national wage claim in accordance with the TUC's de facto compliance with Stage Three, NALGO pursued one of the most sustained challenges to the modus vivendi during May and June 1974. Although NALGO is not one of the sample unions in this study, its 1974 dispute was a telling illustration of the limits of TUC authority over its affiliates. It also illustrated how a union's internal political process constrains its general secretary's ability to participate in the construction of any consensus at leadership level. If the TUC must commend rather than command, then there are necessary links in the chain of consensus-building which lead to the effective implementation of TUC policy. NALGO's campaign to obtain an improved London weighting allowance, though not a major economic dispute, highlighted the fragility of that process.

In common with a number of other public sector unions at this time, NALGO was experiencing considerable pressure from its membership over grievances arising out of what was perceived to be the discriminatory treatment reserved for the public sector by the Heath Government's pay policies. There was, moreover, a definite push from activists within the union to engage in more militant industrial action. Unlike many of the other public sector unions, NALGO had not been involved in major industrial action in the late 1960s and early 1970s. However, local militancy had become more common and the character of the union was certainly changing (see

Undy et al., 1981: 225-230; Taylor, 1980: 343-346). The General Secretary, for instance, was rebuffed by the executive on two major issues: registration under the terms of the Industrial Relations Act and cooperation with the Pay Board. His defeat on the latter issue led to his decision to seek early retirement not long thereafter (ibid.). This greater activist militancy, although not always translated into membership willingness to embark on industrial action, was manifested in a metropolitan areas' campaign to improve London weighting allowances. Selective industrial action started just prior to the election. An improved employer offer, over and above the Stage Three limits, first had to be approved by the Pay Board. NALGO, meanwhile, continued the dispute.

Shortly after the TUC's April 1974 circular on collective bargaining, Len Murray wrote to NALGO at the behest of the TUC Economic Committee to request that the union suspend its industrial action until after the Pay Board had reported on the issue. The Government had also made a similar request. This was seen as 'the TUC's first attempt to persuade a union to curb its policies in the interests of the Social Contract' (FT, 16 April 1974). Given the strength of the membership response in the pay campaign and the circumstances which had led to his early promotion, the new General Secretary of NALGO, Geoffrey Drain, was in a weak position to comply with the TUC request. The NALGO executive, in fact, refused to call off its action unless its claim was considered as a 'special case' under the provisions of Stage Three (TUCR, 1974: 231-232). The Employment Secretary, Michael Foot, refused to make such a concession. The NALGO General Secretary later confessed that they

had miscalculated the Government's rigidity on this point and the refusal caught the executive by surprise (Interview, 29 July 1980). The TUC Economic Committee met NALGO representatives to persuade them to reconsider their decision 'in the interests of the Social Contract'. The delicate nature of this TUC action in support of the Stage Three guidelines was apparent when an NUM and an AUEW representative on the General Council (Laurence Daly and Len Edmondson) later moved that the Economic Committee withdraw its request that NALGO suspend its action. This was defeated by twenty-one votes to eight (FT, 25 April 1974). In any event, the NALGO representatives reiterated their intention to proceed with industrial action including the controversial decision not to cooperate in forthcoming local government elections. Thus, despite repeated TUC requests, NALGO refused to modify either its claim or its industrial action and continued its campaign until July when the Pay Board in fact recommended payment of substantial increases in London weighting. Although the union's June 1974 policy conference rejected the notion of wage restraint, its delegation to the 1974 TUC supported the Social Contract. Conscious of NALGO's new found unpopularity, Geoffrey Drain somewhat painfully explained why the union's concern to restore erosions in its pay position and the pressures arising out of militancy in the London area 'caused us to hesitate perhaps longer than others did about accepting the Social Contract' (TUCR, 1974: 425-427).

The Determinants of Leadership Participation in Consensus-Building

NALGO's refusal to comply with the TUC request to moderate its behaviour and Hugh Scanlon's studied ambiguity on both the TUC's

tacit support for Stage Three and its explicit endorsement of the Social Contract are interesting examples of the limits of TUC authority over its affiliates. This authority derives from its ability to build consensus at the leadership level. If individual trade union leaders at the most senior level within the TUC can forge a consensus among themselves on a given policy, they can then use their power and authority within their own unions in order to mobilize consent for that policy and, ultimately, secure its effective implementation. There are, however, a number of constraints or links in the chain of consensus-building which determine the varying degrees to which individual union leaders are willing or able to commit their power and authority to the mobilization of consent. These include both the internal and external political practice of a union, its leadership's particular policy predilections, and the location of its leadership within the relative hierarchy of TUC decision-making.

First, as has been suggested in previous chapters, there is a complex range of internal factors arising from a union's internal political practice which influence the relative autonomy of a general secretary or union leadership to commit a union to a given TUC policy. The AUEW's internal policy-making structure and its rigid factional divisions clearly limited the policy flexibility of its president. In the case of NALGO, a relatively new general secretary might have seriously undermined his political credibility had he preached wage moderation in the face of a restive membership in pursuit of a wage claim.

Secondly, union traditions in external political practice, often as they reflect internal political culture, affect TUC consensus-

building. Relative loyalty to the Labour Party is a clear illustration. The requirements of the new Labour Government and Michael Foot's pleas to the National Committee possibly had a determining influence on the AUEW decision to settle the engineering wage claim. The man who cast the decisive vote in fact explained his decision on the basis of his desire to support Michael Foot and the Social Contract (Sunday Times, 28 April 1974). NALGO, on the other hand, was not affiliated to the Labour Party. Indeed, it had not been a member of the TUC before 1965, at least in part, because of many members' uneasiness about the TUC's close links with the Labour Party. Although Geoffrey Drain was a member of the Labour Party, he could not logically persuade NALGO members to forego industrial action out of loyalty for a Labour Government.

A third factor affecting participation in consensus-building at leadership level is, of course, personal predilection. This is most important when the two previous factors combine to invest a degree of policy autonomy in the position of the union leader. As has been argued, Drain's degree of autonomy on this issue was at that time very limited, though the same general secretary would later enjoy a much greater degree of policy discretion. As was noted in Chapter 4, the AUEW president's autonomy has traditionally been more limited than is the case in some of the other sample unions in this study. The AUEW president's personal position was nonetheless important (viz 'Carron's law'). Although Scanlon studiously avoided any commitment to the observance of Stage Three and had argued that the 1973-1974 engineering pay claim was not subject to either Stage Three or the Social Contract, the union did in fact settle within the Stage Three

limits (IDS Report 184, May 1974). Scanlon continued to argue that the union would have to assess its response to the Social Contract in the light of future economic and political circumstances (AUEWJ, July 1974). However, it is difficult to disagree with the assessment, one with which Scanlon himself has subsequently agreed, that after the decision to settle the engineering wage claim at the 1974 National Committee 'Mr. Scanlon [was] much more closely identified with the Social Contract than was the case before' (FT, 29 April 1974; also Interview, 30 April 1980).

Finally, an individual union's position within the councils of the TUC also affects the readiness of its leadership to embrace any emergent consensus on TUC policy. This relates to both the strategic importance of the union and the relative seniority of the individual General Council member. As a rule, it can be argued that the greater a trade union leader's involvement in the inner circles of the TUC, the greater the likelihood that that individual is prepared to actively espouse TUC policies. This stems from the individual union leader's greater involvement in actual policy formulation and also from the social sanctions that might occur should the individual union leader reject the consensus. The strategic and numerical importance of a union mitigates the influence of social sanctions in some cases. In the early 1960s, for instance, it might be argued that the TGWU general secretary, Frank Cousins, actually shifted the terrain of consensus through the force of his personality and the sheer numerical importance of the union he represented. Similarly, the leader of the AUEW could scarcely be excluded from the inner policy sanctums of the TUC, if only because such an exclusion would render policy implementation all the more difficult. NALGO was then

the fourth largest unions in the TUC (see TUCR, 1974). However, possibly because of its fairly recent affiliation to the TUC, its white-collar status and its perceived lack of industrial muscle, unlike the three largest unions, its general secretary was not automatically projected to the centre of TUC decision-making. Geoffrey Drain was then one of the newest members of the General Council and not yet very close to its inner circle. He recalled, for instance, not being particularly popular at that time and becoming involved in General Council debates much sooner than he had planned because of the need to defend NALGO actions (Interview, 29 July 1980). Scanlon was certainly at the centre of TUC decision-making but he was, in fact, frequently absent from TUC deliberations during the spring and summer of 1974. Due to the death of the union's general secretary, Jim Conway, in an airplane crash in February 1974, the AUEW president temporarily assumed both functions (Guardian, 4 April 1974; DT, 21 July 1974). It might be argued that Scanlon was, as a result of his absence, a poorer exponent of the Social Contract, particularly as he had not always been present at Liaison Committee meetings when the Social Contract was being formulated (see note 11, Chapter 3). Certainly, it has been suggested that Jack Jones rebuked Scanlon on several occasions for failing to give proper commitment to the Government and the Social Contract (FT, 11 March 1974). It appears to be the case that general secretaries in the inner circle of the General Council committee structure were more prepared than those who were not to risk their personal authority within their own unions in order to defend a 'TUC leadership consensus'. This is, however, subject to the aforementioned internal, external and

individual political constraints.

This section has attempted to explore the nature of consensus-building within the TUC and highlight the fragility of this process. The TUC's April 1974 commitment to hold further wage settlements to the existing pattern was at best a loose understanding among less than the totality of General Council members. It could do little more, therefore, than attempt to draw NALGO back into the realm of that 'understanding'. The constraints exercising the leadership of NALGO not to comply with the TUC request indicate both the limits of TUC authority over the industrial practice of its affiliates and the strength of centrifugal forces working against the implementation of a central TUC policy. The slender margin within the AUEW National Committee in favour of effective compliance with the Stage Three limits for its national pay claim was indicative of the fragility of the chain of consensus-building at leadership level as well as the real constraints acting on the emergence of any consensus. Any dilution of consensus at leadership level, however diffuse, in turn, made it more difficult to generate consent within individual affiliates. That other unions leaders were signalling that their members' interests came before any 'social compact' presaged both the potential impact of these centrifugal forces in the implementation of a voluntary policy of wage moderation and the difficulty of constructing a viable and enduring consensus at leadership level.⁶ This was especially the case with voluntary wage guidelines where policy consent had to be translated into industrial behaviour. The next section deals with the implementation of these Social Contract Mark I guidelines.

The earlier parts of this chapter outlined how the TUC came to frame a policy of voluntary wage guidelines known as the Social Contract Mark I. Particular emphasis was placed on the delicate nature of this operation and the limits of TUC authority to commend its affiliates to abide by its policy. The final part of this chapter is concerned with the implementation of the Social Contract Mark I from July 1974, its impact on both the sample unions and the evolution of TUC-Government relations, and its significance for the future development of the Social Contract. With hindsight, it was a remarkably unfortuitous time in which to embark on a voluntary wage policy. The period coincided with a marked decline in economic performance and a continuing rapid rise in the rate of price inflation. External economic and political pressures on the fragile internal political process of TUC policy-making were at a maximum. The policy was ultimately unable to withstand these pressures. As the Government progressively withdrew from its commitment to the policy and pursued a stringent deflationary policy as the central thrust of its counter-inflation strategy, it was open to question whether the terms of the original Social Contract project had not been altered so radically as to undermine the basis of consent to union wage moderation. That the Social Contract could become a 'contract for crisis' and sustain a remarkable union commitment to a period of tight wage restraint from 1975 to 1977 is the subject of Chapter 6. This final part of the chapter first outlines the operation of the policy and the growing pressures for a more draconian set of measures. It then considers the implications of the

Social Contract Mark I for sample union policy-making and industrial practice. Finally, it examines the change in Government economic strategy and its significance for the development of the Social Contract.

The Policy in Practice

The political and economic pressures on the TUC's voluntary guidelines were from the beginning very intense. A second general election was imminent. The Labour Government had identified its electoral advantage in its working relationship with the unions and, thus, made the Social Contract the central theme of its re-election platform. It was essential, therefore, that the Social Contract Mark I appear effective and that the Government was seen to be fulfilling its Social Contract obligations. Both Government and key union leaders invested much effort in promoting the credibility of the Social Contract as a working arrangement between the TUC and the Government. The Chancellor, for instance, introduced a pre-election mini-budget which gave a mild stimulus to the economy, attempted to reduce selected price increases and, at the particular request of the TUC, increased public spending to counter-act increases in the rate of unemployment (TUC ECD, 10 July 1974; Labour Research, September 1974; BJIR Chronicle, XII November 1974). This was once again evidence of the Government's readiness to embrace, at least, selected economic priorities as defined by the TUC (on the influence of the TUC on the budget and public expenditure, see the memoirs of the Treasury Secretary at this time; Barnett, 1982: 60-62). The Government also appeared willing to placate particular bargaining groups which might have undermined a smooth transition from the Stage

Three statutory policy to the new voluntary policy. Thus, nurses were granted a special inquiry with a guarantee of retroactive increases; a large railway arbitration award was approved; and the findings of the Pay Board on London weighting were accepted in order to end the NALGO dispute (Castle, 1980: 146-147).

Many other aspects of the Social Contract as presented in Labour's February election manifesto were also coming to fruition during this period. The Pay Board was abolished; the Industrial Relations Act was repealed; and a new conciliation and arbitration service and a royal commission on the distribution of wealth and incomes were established. The Government further issued a wide range of white papers and proposals to cover many of the other planks in its original platform: plans for the extension of redundancy payments, provisions for industrial democracy, a sex discrimination bill, an industry bill including planning agreements and a proposed National Enterprise Board, nationalization of shipbuilding, employment protection legislation and a range of other measures (see Labour Party 1974b).

Senior trade union leaders were similarly intent on presenting a united front and securing the consent of their members to the concept of the Social Contract in general and the wage guidelines in particular. The 1974 TUC was addressed by no less than three senior members of the Government - Wilson, Foot and Callaghan. After the exertion of considerable pressures within the AUEW (see above) and despite the obvious lack of commitment on the part of several constituent unions, the TUC was able to obtain Congress approval for the Mark I guidelines without any significant expression of opposition (TUCR, 1974: 420-440). This was certainly a measure of

the TUC's success in the construction of a relative consensus at leadership level. However, in withdrawing the contentious TASS motion which was critical of the Social Contract, its general secretary, Ken Gill, warned that TUC unity had been 'stretched to its absolute utmost' (ibid.: 440). In the October election, the gamble on the Social Contract secured the Labour Government its overall majority, but only by a margin of three seats.⁷

The economic context for the operation of the guidelines, however, was not promising. By November 1974, retail prices were increasing at an annual rate of eighteen per cent, while earnings were at a twenty-five per cent rate. The increase in wages had received a particular boost from the effect of the Stage Three threshold payments which were triggered repeatedly throughout the summer (IDS Report 188, July 1974: 26). Moreover, Britain was perhaps first among the major industrial economies to experience the recession of 1974-1975 (see Mandel, 1977: 14; Guttman, 1976). Industrial production and investment fell off very rapidly in the final quarter of 1974. The rapid change in the economic context made it increasingly difficult for the Government to reconcile conflicting prescriptions for economic recovery. The CBI reiterated its earlier calls for immediate relief of company liquidity problems through a relaxation of price controls and the implementation of tax concessions (NEDC, 3 July 1974; DT, 16 October 1974). The TUC argued the case for a substantial reflationary boost in order to raise the rate of growth and mitigate the worst effects of the recession (The Times, 5 November 1974; TUCR, 1975: 263). The November 1974 budget clearly committed the Government to the restoration of private sector

profitability through tax and price code alterations. While the Chancellor also gave a modest boost to overall demand, he warned that wage increases above the TUC guidelines would force him to curb demand (on the budget, see Labour Research, December 1974; Guttman, 1976; Stewart, 1977: 202). The Government was particularly anxious about the doubling of the public sector borrowing requirement due to key Social Contract commitments such as food and housing subsidies, increases in social benefits including pensions and family allowances, and significant public sector wage increases. The deficit was again to be financed by external borrowing which, as a result of the huge balance of payments surpluses among OPEC countries, was then readily available from short-term deposits on the London money markets (Mandel, 1977: 39). As will become apparent in Chapter 6, this rapid increase in the public sector borrowing requirement and consequent recourse to external borrowing in the context of a growing balance of payments deficit rendered the British economy increasingly vulnerable to the vagaries of international financial markets.

In the throne speech following its election victory, the Government reaffirmed its commitment to the Social Contract 'as an essential element in its strategy for curbing inflation, reducing the balance of payments deficit, encouraging industrial investment, maintaining employment . . . and promoting social and economic justice' (The Times, 30 October 1974). However, the high levels of price inflation, the comparison and relativity problems associated with both high levels of wage increases and a re-entry phase of incomes policy, the increasing erosion of price controls which originally were to be the central thrust of the Government's counter-

inflation policy, and the growing international scrutiny of the British economy all augmented the economic and political pressures on the Social Contract Mark I policy. When the Cabinet met for a strategy session after the budget, despite the doubts of some ministers about the efficacy of the TUC guidelines, it was decided 'to give the Social Contract until next Easter (unless there was a catastrophe first) and then discuss the alternative of unemployment' (Castle, 1980: 219-224). Without specifying the timing, the Prime Minister made precisely this point to the Labour Party Conference at the end of November. If the Social Contract did not work, then the only choices, at least as he presented them, were either deflation through public expenditure cuts or increased taxation and both would result in unemployment (LPCR, 1974: 204). Thereafter, Government statements warned incessantly of the dire consequences of inflationary wage increases.⁸

In a context where the media portrayed every wage claim as either a blow or a boost for the Social Contract, TUC leaders were increasingly obliged to defend the credibility of their guidelines both internally and externally. While they were largely successful in maintaining at least the appearance of the carefully constructed consensus at leadership level, they encountered increasing difficulties in credibly translating it into industrial practice. The centrifugal forces were too strong and the external pressures too great. The policy, they insisted, was not a 'soft option' (FT, 15 August 1974). However, the perennial question of the TUC's limited powers of intervention in the industrial affairs of affiliated unions, the ambiguities in the policy and some confusion over the

real impact of the Social Contract Mark I guidelines further exacerbated pressures for a tighter interpretation, application and even renegotiation of the guidelines.

In an attempt to enforce the voluntary pay guidelines, the TUC General Secretary intervened formally and with varying degrees of success in a number of cases. The most successful interventions came in defence of the twelve-month rule. It was feared that if all who were dissatisfied with their Stage Three settlement re-opened pay negotiations, it would be impossible to maintain the Mark I policy. The building workers' union, UCATT, for instance, opted at its policy conference for high wage targets despite its General Secretary's advice that these would exceed the Mark I guidelines (The Times, 19 June 1974). When pay talks began in September in breach of the 'twelve-month rule', the TUC General Secretary, Len Murray, successfully prevailed on the unions involved to defer their claim (The Times, 26 September 1974). However, following sporadic industrial action in a number of its plants, Ford management opened negotiations for an entirely new national agreement only seven months after it had concluded its Stage Three deal. Although both sides claimed that the new agreement was within the terms of the Social Contract, it sparked fears of an explosion of new settlements in breach of the twelve-month rule (IDS Report 193, September 1974; Castle, 1980: 188).

As the rate of wage and price increases continued to rise, the TUC was less successful in its attempts to persuade affiliates to reduce their wage claims. The miners, for instance, ignored TUC advice and, in early February, won an increase in excess of thirty per cent. Such settlements rapidly became the norm in a wide variety

of groups: health service professionals, gas and water workers, teachers, civil servants, doctors, dentists and electricity supply and rail workers. In successive consultations with the mining, electricity supply and railway unions, the TUC economic committee failed to persuade any of them to reduce their claims (TUCR, 1975: 270; FT, 7 and 12 April, 1975). These failures again highlighted the limits of TUC authority and provoked much scepticism about the value of the guidelines. In fact, the intent of the Social Contract Mark I policy was that the locus of application should be within individual affiliates where authority over industrial decisions resided in any case. The next section explores some of the implications of the Mark I policy for the internal dynamics of the sample unions. TUC officials limited their interventions to 'high profile', national-level negotiations. Otherwise, there were no monitoring mechanisms to follow what was happening at workplace level. Indeed, TUC representatives repeatedly resisted Government and CBI attempts to erect such machinery (see, i.e., FT, 16 January 1975; LCR, 20 January 1975).

Thus, the interpretation of the Mark I guidelines was left largely to individual union negotiators with varying results. Both the TGWU and GMWU, for instance, maintained a clear policy commitment to the operation of the guidelines while ASTMS was unequivocally opposed. General secretaries sometimes argued for restraint or attempted to defuse particular industrial tensions. This was, for example, the case with Jack Jones and TGWU members in the Scottish road haulage industry and also at Rolls Royce in Scotland (TGWUJ, November 1979). However, virtually all of the negotiators

interviewed in this study recalled that they bargained as they normally would in a 're-entry phase' of incomes policy (Interviews, various dates). One regional official emphasized that 'responsible collective bargaining' could not be translated into real wage demands - they got what they could (Interview, 6 September 1979). Moreover, by the spring of 1975, settlements of more than thirty per cent had become commonplace in many industries. Negotiators referred to their members' vertigo at the sight of their pay packets. Faced with the uncertainties of accelerating wage and price rises and the persistent rumours of an imminent wage freeze, negotiators simply attempted to obtain as much as they could in an increasingly volatile bargaining climate.

It was apparent, moreover, that the TUC guidelines were ambiguous in several respects. In the face of repeated requests from the Government for a tighter application of the guidelines, and it must be recalled that the Government had not been directly involved in the drafting of the Social Contract Mark I policy other than to indicate that there was no scope for increases in consumption, the problem for the TUC was how to restrict their interpretation without inciting open opposition to the policy among certain affiliates. Such opposition, it was feared, would further undermine the operation of the guidelines and unravel the leadership agreement on their value. A November circular drew attention to the main 'loopholes'. It recommended that the central provision, compensation for increases in the cost of living, should apply since the last settlement and not to any anticipated rate of inflation. It also re-emphasized the importance of the twelve month interval between settlements reproducing the Prime Minister's specific assurance that there would

not be a wage freeze. Finally, it requested that the special provision increases allowed by the guidelines, such as the minimum pay target, should specifically erode differentials and not be transmitted throughout the entire pay structure (TUC Circular 38, 21 November 1974; also IDS Report 197, November 1974; and FT, 2 November 1974). Given the pervasive force of differentials and relativities in occupational and industrial pay structures, however, this last request was not to be accomplished easily. Apart from this specific clarification of the guidelines and a later admission that the problem was not the guidelines but that of securing adherence to them (LCR, 20 January 1975; FT, 21 January 1975; Castle, 1980: 283-287), the TUC maintained that 'negotiators generally have endeavoured to follow the guidelines' and wages had, as a result, risen less than might have otherwise been the case (TUCER, 1975: 58-59; TUC ECD, 14 May 1975; Castle, 1980: 318-319). The Chancellor, however, complained that only sixty per cent of settlements fell within the guidelines.

Why was there such a discrepancy between Government and TUC perceptions? It was, of course, partly political. The Government was attempting to force the TUC into a much tighter application of the policy. TUC leaders were aware of their limited authority in this respect. If the policy did not command any credibility, not only would the Government be less forthcoming in its relations with the TUC, but the policy would not command any adhesion from TUC affiliates - alienating both those who had already attempted to comply with the guidelines and those who were still formulating their claims. The discrepancy was also attributable, however, to a number

of factors which the TUC maintained had inflated and distorted the official indices of pay increases. The TUC argued that the rate of pay increases during this period was overstated by the impact of threshold payments, increases in London weighting, special provisions for equal and low pay and 'special' cases, and large amounts of deferred back-pay. Most of these factors were indeed 'left-overs' from Stage Three. If they were discounted under the terms of the Mark I guidelines, the TUC suggested, then the underlying increase in wages in fact corresponded very closely with increases in the cost of living.

The period was unusual in several respects. First, there was a negative earnings drift. In other words, rates were increasing more rapidly than earnings. Secondly, a number of groups did receive considerable backpay under the 'special cases' provisions of Stage Three which were originally designed to accommodate the miners but were later extended to a number of public sector bargaining groups. This temporarily distorted figures for monthly increases from which the annual figures were extrapolated. Finally, because of wide variations in the amount, timing and frequency of settlements, it was difficult to identify clearly any norm which would be accepted as a fair comparison and as fair compensation for increases in the cost of living (see IDS Report 212, July 1975; IRRR 100, March 1975). This certainly contributed to the volatility of the bargaining climate and the general apprehension of union negotiators in approaching their claims (on the impact of this volatility on union negotiators, see Meyrick, 1974). In retrospect, TUC claims that its guidelines were having an impact were later at least partly substantiated when the annual rate of wage increases actually began

to decline before the change in policy in July 1975 had had any impact (see ASTMS QER, September 1975: 4).⁹ Moreover, there is little evidence that real disposable income increased in this period (see Appendix B, Figure B.2 and Table B.1; also Cohen, 1975). Indeed, Labour Research (September 1975) suggested that real wages had fallen over the year from June 1974.

The debate about the real impact of the Social Contract Mark I and whether or not trade union negotiators were staying within the guidelines was significant for its political implications. In particular, was the TUC delivering its side of the bargain? Certainly, as was revealed in its April 1975 budget, the Government was gravitating towards an increasingly hard line on pay settlements. Indeed, in a situation that seemed to parallel closely the 1964-1965 Labour Government experience, a number of Ministers openly regretted that they had opted for a voluntary rather than a compulsory policy (on the 1960s Labour Government's move to a compulsory pay policy, see Panitch, 1976: 87-88). Perhaps typical of the hardening attitude, one Government Minister later suggested that 'the only give and take in the contract was that the Government gave and the unions took' (Barnett, 1982: 49). The conflicting interpretations of the real impact of the Social Contract Mark I policy further contributed to doubts about the TUC guidelines and renewed pressures for a more rigid incomes policy. They also made it more difficult for TUC leaders to sustain any internal consensus on the policy, yet alone translate it into industrial practice. Rumours of the imminence of a change in policy made it more difficult again for negotiators to heed TUC appeals to observe the guidelines. Thus, the rumours were

virtually a self-fulfilling prophecy.

As the rate of wage increases continued to spiral upwards, so the pressures for a new pay policy intensified. The CBI played an increasingly prominent role in this direction. The Social Contract was essentially a bipartite relationship between the Labour Government and the TUC. The CBI, therefore, had had to adapt its strategies to the new 'ideological' situation (Interview, 22 September 1979). The CBI began taking a more overtly political stance on issues than what had hitherto been the case (on the increasing politicization of the CBI, see Grant and Marsh, 1975 and 1977b; Labour Research 1974; and Beecham, 1980). This was evident in its attempts to mobilize public opinion against a number of Social Contract items, particularly the extension of state intervention in industry through planning, nationalization and employment law. Simultaneously, CBI officials also sought to cultivate a better and more regular relationship with the TUC. An internal document suggested that the 'lack of direct and regular talks between the TUC and the CBI . . . has been a regrettable omission which may have been detrimental to the national interest and the well-being of industry' (CBI IM, July 1974; see also note 3 above). The monthly National Economic Development Council meetings also became an important tripartite forum for the CBI to pursue its objectives. Prompted by their anxiety over the depth of the recession and trends in wage settlements, CBI officials attempted, unsuccessfully, to push the Government and the TUC towards a tighter application of the Mark I guidelines at the January NEDC (FT, 16 January 1975). They then attempted, again unsuccessfully, to engage the TUC in a separate dialogue on this question (Guardian, 3 February 1975).

CBI officials by then had concluded that inflation must be the Government's principal economic priority. In their preparations for the CBI submission on the spring budget, they decided to push publicly for a voluntary incomes policy (CBI IM, n.d.). It was estimated that, in order to reduce the level of price inflation, wage increases should not exceed five per cent over the coming year and run at ten per cent less than the rate of price inflation. Such a policy of wage cuts, they acknowledged, would be unacceptable to the unions and, therefore, almost impossible to achieve in a voluntary way. However, if it was statutory, then CBI members would oppose it. Thus, it was not a politically viable policy. Yet CBI officials felt that they had no alternative. One official prophetically suggested that only in 'a real crisis' might it be possible to 'get a wages policy of this kind, without compensating tax cuts, and even if it was likely to lead to a large rise in unemployment' (CBI IM, 14 February 1975). Lacking any clear solution to what they regarded as a disastrous economic situation, they decided to push publicly for drastic action without reference to specific wage targets. Privately, however, they would use the targets in discussions with the Government 'to strengthen the hands of those Ministers who would be prepared to take a tougher Government approach to the problem' (Interview, 22 September 1979; CBI IM, various dates, February 1975).

By the spring of 1975, those ministers were in the majority in Cabinet (Castle, 1980: 352). While the Employment Secretary continued to exhort his ministerial colleagues to hold the line in their own departments, they approved large increases for industrial civil servants and railway workers among others. Individual ministers

argued that they would, in turn, accept more restrictive measures at the end of the wage round (ibid.:327-329 and 336-338). Thus, despite the TUC's efforts to effect a policy of voluntary wage guidelines in response to the implementation of the Social Contract programme, a change in policy appeared inevitable.

The Social Contract Within The Sample Unions

The previous section examined the evolution of relations between the TUC and the Labour Government during the 1974-1975 period and how, in the context of rising rates of inflation, the central issue soon became the TUC's increasingly explicit advocacy of voluntary wage restraint and the willingness and/or ability of its affiliates to act upon that advocacy. This section briefly considers the implications of the Social Contract for the sample unions during this period. First, how was the idea of the Social Contract presented within the individual unions and how was policy commitment to it obtained? Secondly, in industrial terms, what were the implications of a commitment by individual unions to the Social Contract and voluntary wage guidelines?

At the time of the election of the Labour Government in February 1974, the Social Contract remained an abstract notion. Most union activists and officials favoured the election of the Labour party and close relations between trade unions and the new government, but the idea of a Social Contract had only been mentioned on rare occasions. Yet, as was illustrated above in the case of the AUEW, the construction and implementation of a common TUC leadership approach to the Social Contract was crucially dependent on the types of internal political constraints acting upon individual union leaders

as well as their particular policy predilections. The Social Contract was not, of course, a difficult concept for most British trade unionists to endorse. Support for the Labour Party was certainly the predominant ethos of most unions' political practice (see Chapter 4). Moreover, the commitment of the new Labour Government to repeal the contentious Industrial Relations Act and implement favourable social legislation was bound to commend it to union activists. Thus, there was no substantial opposition to the notion of the Social Contract in most of the sample unions, and most union leaders encountered little difficulty in the downwards mobilization of support for the Social Contract. By the time the Social Contract was actually debated within most of the unions, however, the Social Contract had for many become virtually indistinguishable from the TUC's voluntary pay guidelines. This posed particular problems for at least two of the sample unions and both the AUEW and ASTMS leaderships expressed reservations about their support for the pact.

As was discussed above, the left faction in the AUEW National Committee clearly had a number of doubts about the Social Contract. The studied ambiguity of Hugh Scanlon on the Social Contract was probably an expression of both his own personal reservations as well as an indication of the strength of the left faction in AUEW policy-making. As a result, Scanlon suggested that the support of the AUEW for the Social Contract, especially in terms of pay bargaining, would depend on the Labour Government's progress in the implementation of its legislative programme. By the time of the September TUC, the union was fully in line with the TUC leadership consensus. Indeed, Scanlon played a critical role in persuading a key dissenting union,

the autonomous white-collar section of the AUEW, TASS, to withdraw a motion critical of the Social Contract.

The initial ambiguity of the ASTMS leadership and policy-making bodies on the Social Contract, on the other hand, became increasingly oppositional during the Social Contract Mark I period. The ASTMS leadership played a particularly active role in the Labour Party and, of course, welcomed the election of the Government and the implementation of various Social Contract priorities, particularly in the area of industrial policy and trade union rights. However, ASTMS officials also remained true to the union's tradition of vociferous opposition to wage restraint. As TUC leaders attempted to construct a consensus around a wage bargaining response to the implementation of the Government's legislative agenda, Clive Jenkins categorically rejected any notion that the Social Contract implied some inhibition on the union's ability to bargain on behalf of its members: 'Our view has been and continues to be that we seek free and unfettered collective bargaining as the surest, the most immediate and the most effective way of looking after our members' interests in employment in a free market economy' (ASTMSJ, May-June 1974). Both the union's executive and policy conference supported this approach (see Plaut, 1978). In response to the TUC's April circular on continued observance of Stage Three, for instance, the ASTMS executive reminded the TUC that it had no right to interfere in the negotiations of its affiliates (ASTMS ECM, 19-20 April, 1974; also FT, 9 May, 1974).

However, the ASTMS leadership continued to show a certain degree of ambiguity on the Social Contract. The ASTMS delegation to the

1974 TUC abstained on the General Council's report on the Social Contract which it regarded as an interference with free collective bargaining to which the union's policy was clearly opposed. At the same time, it supported the two main composite motions on the Social Contract which, Jenkins argued, did not mention wage restraint and were consistent with ASTMS policy objectives (ECM, 7 September 1974; ASTMSR, 1975: 8). This degree of ambiguity became increasingly transparent over the course of the Social Contract Mark I as ASTMS representatives continually reiterated their opposition to wage restraint. The executive noted at its December meeting, for instance, that wages were not the cause of inflation and 'that ASTMS would continue to deal with its members' claims on their merits' (ASTMS ECM, 14 December 1974). The annual conference was also clearly 'against voluntary, enforced or statutory wage restraint. Nor will it [ASTMS] 'trade off' adequate salary increases for its members in exchange for legislation, which must be brought in anyway' (ASTMSJ, May-June 1975). While the General Secretary continued to maintain that the Social Contract was not about wage restraint, though emphasis had been placed on that aspect, he was also increasingly critical of the orientation of Government economic policy (ASTMS AC, 1975). At the Labour Party Conference, Jenkins was vociferous in his criticisms of the November budget (LPCR, 1974; ASTMSJ, November-December 1974). Thereafter, he consistently berated the Treasury for imposing its conservative priorities on the Government (ASTMSJ, January-February 1975) and was privately critical of Healey for unilaterally rewriting the terms of the Social Contract (ASTMS ECM, 11 January 1975). Moreover, Jenkins also attacked the TUC's approach to the economy which he regarded as insufficiently

critical of the Government's economic priorities (ASTMS AC, 1975). Indeed, in February 1975, the ASTMS executive acceded to Jenkins's request that the union publish its own economic review (see ASTMS QER). Such a resource was available to only a limited number of union leaders; it certainly facilitated the oppositional role which Jenkins played during his first years on the TUC General Council.

The union's opposition did not necessarily translate into an enhanced industrial militancy. Faced with motions critical of the lack of executive support for disputes potentially in breach of the Mark I guidelines from politically active divisional councils such as those in London, Oxford and Essex, the NEC responded that it was not its policy to 'support any group regardless of circumstances' (ECM, 11 January 1975). There was certainly a feeling among many of the ASTMS members and activists interviewed in this study that the divisional councils and/or branches moving this type of motion were among the least likely to carry it through industrially (Interviews, various dates). Certainly, the guidelines were flexible enough to accommodate most ASTMS claims and union negotiators treated it as a period of free collective bargaining. Most significantly, in terms of TUC policy-making, the ASTMS leadership was alone among the sample unions in not attempting to mobilize downwards the TUC policy consensus. Indeed, Jenkins chose to play an oppositional role which was consistent with the union's previous policy positions and to which there was no significant internal opposition from the executive, policy conference or officials.

The other sample union leaderships in this study all transmitted messages of unqualified support for both the new Government and its

Social Contract. The FBU General Secretary, for instance, published a letter of congratulations to the Prime Minister and the union's leadership remained supportive of the Social Contract (FBUJ, March 1974; Interviews, various dates). However, within the union's single-channel policy structure, discussion of political issues such as the Social Contract tended to be very much subordinated to the union's campaign to improve wages and reduce working hours during this period (see, i.e., FBU AC, 1975). Like the other two single-channel unions in this study, the discussion of the Social Contract in NUPE was considered primarily in the context of the union's major industrial objectives. In the single-channel unions, there appeared to be an inevitable intertwining of industrial and other policy issues with industrial issues usually taking priority. In the case of NUPE, the predominant issue was low pay. The NUPE General Secretary, Alan Fisher, noted that his union would wish to monitor the development of TUC policy to be certain that the low-paid were accorded a sufficient priority (NUPEJ, No. 5, 1974). However, the union's executive agreed that the Government's first budget had gone 'a long way towards meeting the requests put forward by the TUC as a basis for the Social Contract' (NUPE ECM, 6-7 April 1974). NUPE's support for the Social Contract was further confirmed with the inclusion in the Mark I guidelines of a low-pay target and the Government's eventual acceptance of this target in the local authority and health service negotiations. NUPE leaders had, of course, repeatedly advocated such an approach and the actual 1974 wage settlement has continued to serve as a benchmark for earnings in these sectors (see Fisher and Dix, 1974; Appendix D, Figure D.5). Not surprisingly, the other two sample unions, both of whose leaders

were major actors in the formulation of the Social Contract and the construction of a leadership consensus on a possible Mark I policy, strongly endorsed the development of the Social Contract during this period.

The GMWU executive stressed 'the need for the closest possible voluntary cooperation between the Government and the trade unions on social priorities' (GMWU ECM, 2 April 1974). David Basnett repeatedly emphasized the legislative and social achievements of the Social Contract and 'the need to respond to the Government's initiative and set collective bargaining objectives compatible with the achievement of the Labour Government's economic and social objectives' (FT, 3 April 1974; GMWU IM, 2 April 1974). There was virtually no opposition to the Social Contract within either the GMWU executive or at the union's 1974 policy conference (GMWU ECM, 7 May 1974; Interviews, various dates; GMWU ACA, 1974; GMWU AC, 1974; FT, 6 June 1974). Indeed, to dramatize the significance of the Social Contract, both the TUC General Secretary and the Prime Minister spoke on this subject to the 1974 GMWU Congress. The GMWU also demonstrated a marked willingness to translate its policy response to the Social Contract into detailed instructions for negotiating officers and activists - to a degree that one national officer was concerned that members would be misled into thinking the union was actually supporting an incomes policy while other unions were bargaining freely (GMWU IM, 24 May and 11 July 1974).

The steady move of the GMWU towards internal reform during this period commanded considerable enthusiasm within the union (GMWU AC, 1974 and 1975; FT and MS, 5 June 1974; FT, 3 June 1975). Externally,

this translated into an active participation in the formulation of TUC policies, a strict adherence to TUC policy decisions, and the formulation of GMWU policies which were more in tune with the mainstream of the trade union movement. Unencumbered by many internal limits on his policy discretion and able to draw on considerable resources in the union's research department, Basnett consistently emphasized the importance of trade union involvement in government economic strategy and attempted to push the Government to act on a range of economic policy items, particularly 'selective reflation' and other action to stimulate employment (see, i.e., GMWUJ, November 1974; GMWU ECM, 5 November and 10 December 1974 and 7 January 1975; GMWU IM, 6 January, 10 March and 18 April 1975). However, it was increasingly evident that the Government was not implementing the union's policy prescriptions. Indeed, there were serious doubts whether it was really committed to the concept of joint economic management - what Basnett had presented as the essence of the Social Contract (LPCR, 1974:285-286). This presented the union with a serious dilemma. Basnett told the 1975 GMWU Congress 'that no Government which uses unemployment as an instrument of economic policy will have the support of this union or this trade union movement' (GMWU AC, 1975). This stance was entirely in accordance with the union's economic and industrial strategy. Yet, did action really validate the rhetoric? A conflict arose between the language and practice of Labour Party loyalism and the apparent implications of the union's developing economic strategy. As will be developed further in Chapters 6 and 7, it became readily apparent that a union in which an unswerving and loyal commitment to the Labour Party had been a political touchstone could not so easily

withdraw its support for a Labour government, even if it was pursuing an economic policy deliberately premised on an increase in unemployment.

The TGWU General Secretary, Jack Jones, faced perhaps greater doubts about the collective bargaining implications of the Social Contract among some activists in his union than did David Basnett. There was, for instance, a strong 'left caucus' in the TGWU executive, particularly in its Finance and General Purposes Committee. Although staunchly loyal to the General Secretary, it was not uncritical (Interviews, 2 April, 4, 9, and 26 September 1980). The success of several Communist Party members in the 1973 executive elections had also led to some speculation that Jones might face a greater challenge to his advocacy of the Social Contract (The Times, 18 January 1974). As opposed the cautious approach of the AUEW President, Hugh Scanlon, in the face of internal reservations, Jones's enthusiasm for the Social Contract did not appear in any way diminished in the face of possible doubts by leading activists in the union. Perhaps because of his powerful advocacy of the Social Contract, his real dominance over the executive and the genuine ambiguity of the left about the merits of the Social Contract and its potentially restrictive implications for collective bargaining, there was in fact little substantive opposition to Jones's support of the Social Contract within the TGWU executive. When it was reported to the executive that there was some branch-level confusion about the union's bargaining policy at the time, particularly as regards acquiescence in the observance of Stage Three, members were referred to Jones's numerous appeals for 'wage realism' in the context of the

wider implementation of the Social Contract programme: 'we do not apologize for urging unions to be realistic on wage claims with a necessary emphasis on keeping abreast of the cost of living. We are not advocating wage control. We are advocating common sense' (TGWU F&GPCM, 1 May 1974; Tribune, 26 April 1974; TGWUJ, May 1974; TGWU ECM, June 1974; FT, 16 April 1974). Jones experienced no difficulty in securing union support for the Social Contract Mark I guidelines (TGWU F&GPCM, 4 July 1974). Certainly, Jones remained the leading exponent of the Social Contract. As he told the September 1974 meeting of the TGWU executive, 'all our efforts to maintain and improve conditions for all of the membership may be summed up in the logic of our support for the Social Contract' (TGWU ECM, September 1974).

The evidence obtained from interviews with negotiators in this study suggests that the Social Contract Mark I guidelines were sufficiently ambiguous and flexible to contain most wage claims. The ambiguity was linked to whether compensation for increases in the cost of living should be calculated forwards or backwards. The flexibility arose from the special allowances for low and equal pay as well as the lack of specific guidance on bonus and productivity schemes. Moreover, union negotiators stressed that it was effectively a period of free collective bargaining. Thus, although most negotiators claimed that they were settling within the Mark I limits, there were few internal pressures about restrictions imposed by the guidelines. Indeed, many national negotiating officers recalled that one of their main tasks was to anticipate the rapid increases in the rate of inflation in their settlements while seeking to portray their union as not being in flagrant breach of the

guidelines.

The application of the guidelines appeared to vary considerably from one union to another. The GMWU executive, for instance, issued fairly detailed guidelines about the interpretation of the policy and these were distributed with the authority of the regional secretaries, also prominent members of the executive, at local level (see, i.e., GMWU ECM, 9 July 1974). The TGWU, on the other hand, generally gave its negotiators a free hand and the results reflected the highly heterogeneous composition of its membership (Interviews, various dates). The heavy engineering and vehicle industries, for instance, were probably affected more by the impact of the deepening recession than any wage guidelines (see Appendix D, Figure D.6). In the chemical and oil industries, however, the TGWU national secretary was reported to have said that voluntary wage restraint need not apply to companies making large profits: 'I do not think we should be so obsessed about the Social Contract that we forget what we are in business for as trade unions' (The Times, 9 July 1974; Interview, 14 August 1980). The rate of inflation was in fact rising so rapidly in the latter part of this period that many negotiators could do little more than attempt to anticipate future changes in the cost of living (see Appendix B, Figures B.1 and B.2). In this sense, employers' willingness to pay was a much greater obstacle than any voluntary guidelines formulated by the TUC. The major source of internal instability for union leaders seeking to defend the Social Contract was the persistent rumour that the implementation of a wage freeze was imminent. This created internal pressures for interim wage increases in breach of the TUC's advocacy of a twelve-month interval

between wage settlements. Thus, union leaders such as Jones sought to 'cool the fever' by pointing to the categorical assurances of Michael Foot that there would not be a wage freeze (see, i.e., TGWUJ, November 1974; TGWU GSC, 15 October 1974; TGWU ECM, 2 December 1974 and 6 March 1975; Interview, 16 May 1974).

Thus, with the exception of ASTMS which followed an increasingly oppositional path, the leaders of the sample unions were able to secure detailed policy support for the Social Contract and the Mark I guidelines. As was demonstrated by the experience of the Social Contract Mark I, however, what this meant in terms of actual bargaining practice was less evident. Union negotiators claimed that they were bargaining within the guidelines. However, the bargaining climate had become so volatile that, whatever the experience of individual unions or bargaining groups, the perception of the Government, many employers, the public and some of the TUC staff was that the voluntary counter-inflation policy had failed.

Contract for Growth or Contract for Crisis?

By the spring of 1975, the disillusionment with the Social Contract in a number of quarters did not augur well for its future. The level of wage inflation exceeded the level of price inflation and the efficacy of the Social Contract Mark I guidelines was, thus, widely questioned. Employer representatives, a substantial proportion of the Conservative Party and many of those who had espoused the social democratic conception of the Social Contract, particularly a number of Cabinet ministers, were pushing for a much tighter wage policy. TUC leaders were certainly aware of the failure of some affiliates to implement the voluntary guidelines. They were

especially dispirited, however, about their relative lack of success in conveying what they felt were the real achievements of the Social Contract: economic and social progress, on the one hand, and the degree of restraint demonstrated by many trade union negotiators, on the other. A number of unions, however, were openly hostile to Government economic policy. There was a distinct possibility of a revolt against the Social Contract within the TUC. While trade union leaders emphasized that the Social Contract was not exclusively about pay and had delivered a broad legislative programme, those who had embraced the socialist conception of the Social Contract complained of the dilution of Party Manifesto commitments on industrial and economic policy. The Government had, in fact, made substantial concessions to a sustained CBI campaign against the proposed Industry Bill (TUC ECD, 24 February and 12 March 1975). Indeed, the Prime Minister had portended the imminent removal of Tony Benn, the leading exponent of the socialist conception of the Contract within the PLP and the apparent nemesis of the CBI, from the Industry portfolio in the Cabinet (Hatfield, 1978: 243). The conflict between 'left' and 'right' within the Party was also increasingly apparent as the opposing campaigns geared up for the EEC referendum (see Chapter 6). Thus, the relative unity displayed by the Labour Party during the two 1974 elections was eroding rapidly. Finally, perhaps most significantly, the Government had altered radically its economic strategy. This section deals briefly with the change in Government economic strategy and its apparent political implications.

While the March 1974 budget and July 1974 economic statement were mildly reflationary and consistent with TUC economic demands, the November 1974 and April 1975 budgets were increasingly deflationary

and moved progressively out of step with TUC budget proposals. The April budget met TUC requests in increasing funds for training and selective investment, promising to introduce a child-benefit allowance, and dealing with tax avoidance and the problem of the 'lump' in the construction industry. However, the number of measures directly antithetical to TUC requests was far greater: increases in direct and indirect taxation with a consequent rise in the retail price index, cuts in food subsidies, increases in the price of public services, a positive rejection of import controls and, most importantly, a prediction that unemployment would rise rapidly. 10

The Chancellor maintained that higher unemployment was part of the price of high inflation. The failure to moderate wage increases, he argued, had inevitably led to higher taxes and increased unemployment. If wages continued to rise, he promised to curtail demand even further (on the budget, see IDS Report 207, April 1975; Labour Research, April 1975). The implication that the unions were to blame was readily apparent (see, i.e., LCR, 21 April 1975, where the Chancellor complains that the Government had done everything it was committed to do, but wage increases were running at eight to nine per cent above the guidelines). The Government had clearly subordinated trade union demands for growth and increased public expenditure to CBI demands for action to curb inflation and the maintenance of conditions favourable to profitability. Moreover, it had explicitly rejected a commitment to full employment, the veritable touchstone of post-war economic policy, as long as wage rises remained high. This was the initial policy response to what the Chancellor regarded as the failure of the Social Contract Mark I

guidelines.

The changes in economic strategy emphasized the weakness of both the Labour left and the socialist conception of the Social Contract within the Government. It also exposed problems in the social democratic conception. As was argued in Chapter 2, the apparent unity behind calls for closer links between the Labour Party and its affiliated unions masked a fundamental divergence between social democratic and socialist conceptions of a putative 'social contract'. There was, moreover, a crucial disjuncture between 'political' and 'trade union' roles in the strategic formulation of the Social Contract inasmuch as the espousal by trade union leaders of closer links with the Party leadership did not appear to be based on either of the political conceptions of the Social Contract. It has been argued that the motive of the Party leadership in seeking closer links with the unions was grounded in a specific 'social democratic' vision of the economy. This held that a Labour government could simultaneously promote economic growth, a fairer distribution of income, increased public expenditure and full employment, if it could stimulate investment and maintain a low level of inflation. Counter-inflation policy was perceived as the key variable in this equation - one which required full trade union cooperation. The social democratic conception of the Social Contract sought to address the predicted inflationary consequences of an active government commitment to economic expansion under conditions of full employment through an accord with the unions. Thus, throughout the Liaison Committee discussions, the PLP representatives sought an explicit TUC commitment on wage moderation (see Chapter 3). In return for their acceptance of economic, social and legislative priorities as defined

by the trade union representatives, they obtained an implicit commitment. This chapter has attempted to indicate how this implicit commitment was translated by the TUC leadership first into observance of Stage Three and then the formulation and implementation of the Social Contract Mark I guidelines.

The socialist conception of the Social Contract envisaged a transformative political programme centred on industrial policy in order to challenge and redirect the power of private capital and achieve 'a fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families'. This conception was in 1975 poorly anchored in either the Cabinet or the leadership of the TUC. Tony Benn, for instance, had submitted a paper to the Cabinet sub-committee on Economic Strategy in February 1975 which argued against a conventional deflationary package involving cuts in living standards and increased unemployment as a solution to inflation and a balance of payments deficit. He argued instead for the preservation of jobs and industrial capacity through industrial assistance, selective import controls, control of capital outflows, a downward float of sterling and various other measures¹¹ (Castle, 1980: 353). That this prefigurative alternative economic strategy was not discussed in full cabinet until July 1976 (Fay and Young, 1978b) was no doubt indicative of its relative lack of weight within the Government. Otherwise, there was a weak protest from a number of Keynesian Ministers who argued that a straight deflationary package would not resolve the problems at hand but did not offer any clear alternative vision (see, i.e., Castle, 1980: 351-354). The differential commitment of various union leaders to an alternative

economic policy will be explored further below (see Chapter 6). However, despite their common opposition to the changing direction of Government economic policy, there were very few links between key trade union leaders and the left in the Labour Party. Indeed, one influential union official had warned that in the context of a growing split between right and left in the PLP any TUC rejection of the left risked 'abandonment of employment as a priority, postponement of any attempt to extend planning control and public ownership, and conflict with a section and, ultimately, the whole of the TUC' (GMWU IM, 6 January 1975). In fact, the left of the Labour Party and the TUC only very gradually united over the rudiments of an alternative economic strategy (see Warde, 1982: 133).

The union reaction to the change in government economic policy was certainly critical. Jack Jones noted that it was 'not satisfactory from a trade union point of view' (DT, 16 April 1975). Hugh Scanlon labelled the Chancellor's claim that increased unemployment was the inevitable price of inflation 'absolute rubbish' (ibid.). David Basnett warned that 'budgets alter the conditions of the Social Contract' (Castle, 1980: 372; LCR, 21 April 1975). Yet, when these differences were aired at a subsequent Liaison Committee meeting, the TUC and Government representatives did little more than agree to disagree (ibid.). The TUC 'welcomed the Ministers' clear reaffirmation . . . that they rejected statutory controls on collective bargaining, and that the Social Contract, broadly defined, remained at the centre of economic and social policy' (TUCR, 1975: 271). However, there was a rising tide of union opposition to Government economic policy (see, i.e., the successful motion at the 1975 Scottish TUC, STUC, 1975: 600-618).

The mounting economic crisis made it increasingly difficult to reconcile the competing conceptions of the Social Contract. The social democratic conception was clearly predominant. Its ascendancy would be consolidated further with the defeat of the Labour left in the June 1975 EEC referendum (see Chapter 6). For the social democratic conception, the Social Contract was predicated on the possibility of non-inflationary economic growth. This was reflected in Liaison Committee statements, for instance, which identified the objective of the joint TUC-Labour Party policies as 'faster growth in both national output and in output per man' (LC, 1973). Growth was, in essence, the elixir of Labour's economic strategy. It created the possibility of mediating trade union demands for full employment and increases in living standards with employer demands for the maintenance of private accumulation and market norms. This reflected the basic historical compromise of most European social democratic parties with private capital (see, i.e., Przeworski, 1980b: 56). As has been argued above, the essential feature of the social democratic conception of the Social Contract was the achievement of this non-inflationary growth through an accord with the unions. Conversely, the trade union representatives on the Liaison Committee had acknowledged that only a favourable economic climate where real wages were not falling might influence the direction of collective bargaining (LCR, 25 September and 20 November 1972). This was to be the material basis of their consent to wage moderation.

The significance of a recession in the political chemistry of Labour was that it limited the possibilities for mediation through economic growth. Recession or lack of growth in the context of wage

and price inflation led the Government to subordinate trade union economic demands in favour of conditions that favoured private accumulation. Trade union economic demands could be met to the extent that they might be coordinated with conditions necessary for economic growth and private accumulation in a market economy. To rework Przeworski's insight, this was because private accumulation in a capitalist economy represented 'future universal interests' whereas trade union interests were 'particularistic and hence inimical to future developments' (Przeworski, 1980: 27). The Social Contract had seemingly been constructed on a notion of joint economic management. This was possible in conditions of growth when it did not violate the social democratic economic equation. Indeed, trade union cooperation was essential to the implementation of the formula. In conditions of stagflation, however, the operation of the Social Contract was more problematic. The possibilities for Government mediation between sometimes conflicting demands were more limited. This also undermined, at least partially, the basis of trade union consent for voluntary wage restraint. Yet, the change in Government economic policy did not imply any desire to refrain from exerting a downward pressure on wage settlements. Pressures for a more draconian wage policy continued to mount. The April budget was seen as but a temporary antidote to the inadequacy of the Social Contract Mark I guidelines. For most Government ministers, trade union cooperation in wage moderation was both politically and practically preferable to the multiple problems of statutory controls. It remained unclear whether a 'contract' for growth, as the Social Contract had been constructed, could be transformed into a 'contract for crisis'?

CONCLUSION

This chapter has attempted to chart the development of the Social Contract during the first sixteen months of the Labour Government in 1974-1975. More particularly, it outlined the rise of the Social Contract Mark I and its relative fall from grace. Thus, it detailed the tentative steps taken by the TUC towards the formulation of a voluntary pay policy, scrutinized the limits of TUC authority in this consensus-building process, and followed the implementation of the policy and how its relative failure led to a significant change in the direction of Government economic policy. By the spring of 1975, therefore, the material basis of trade union participation in the Social Contract had shifted radically. It had originally been premised inter alia on the scope for increases in real wages. With the Social Contract Mark I, this was altered to no scope for real wage increases, but there remained at least the broad acceptance of TUC definitions for economic and social priorities. The prospects for another shift in terrain - an actual decline in real living standards and relatively few economic and social concessions - appeared imminent by the early summer of 1975. The chance of securing trade union cooperation in such a shift did not appear likely, hence the general pessimism for the future of the Social Contract. Chapter 6 examines how this climate led to two years of trade union cooperation in a policy of extremely rigid wage restraint.

TRADE UNIONS AND INCOMES POLICIES:
BRITISH UNIONS AND THE SOCIAL CONTRACT IN THE 1970s

EDWARD GREGOR MURRAY

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CHAPTER 6

WAGE RESTRAINT, CONSENT AND ACQUIESCENCE 1975-1977

The previous chapter traced the attempt by the TUC to formulate and implement its Social Contract Mark I guidelines and looked at their implications for the sample unions. This chapter is centrally concerned with the analysis of TUC cooperation in the two years of tight wage restraint which followed the Social Contract Mark I policy. These two years will be known as the Social Contract Phase One and Phase Two policies.

This chapter again features the process of consensus-building at leadership level within the TUC. The Phase One policy was agreed in the context of growing crisis when there was much less scope for patient consensus-building than was the case in the formulation of the Social Contract Mark I guidelines. General Council members were asked to lend their consent to the policies as presented. Failing consent, they were requested to acquiesce in the name of trade union solidarity. The terms of Phase Two were also agreed in the context of economic and political crisis. The remarkable feature of the policies was that they were generally very effective and commanded a high degree of acquiescence, if not consent. In this sense, they have been regarded as possibly the most effective of post-war incomes policy phases as measured by degree of trade union support and

relative compliance. However, the policies unleashed a chain of reaction which worked its way through many affiliates and eventually resulted in the withdrawal of their compliance for another period of wage restraint. This process which was highly differentiated between unions will be the subject of Chapter 8. Chapter 7 will focus on the mobilization of consent for wage restraint within the sample unions.

The chapter is divided into three main parts. The first part outlines how the pressures which were building towards a draconian shift in policy, as outlined in Chapter 5, culminated in a 'sterling crisis' and the formulation of the Phase One or 'six pound' policy. The second part of the chapter examines the industrial impact of the Phase One policy, anticipates the impact of Phase Two, and charts the renewal of TUC consent for the Phase Two policy. Finally, the third part of the chapter considers why the TUC General Council agreed to participate in these incomes policies and the implications of its acceptance for an understanding of trade union approaches to the Social Contract.

PHASE ONE: THE SIX POUND POLICY

In Chapter 5, it was noted that by the spring of 1975 the Government, the TUC and the CBI all were engaged in the search for a policy to replace the Social Contract Mark I. With or without trade union support, a tighter pay policy seemed likely, but the Government was willing to allow the TUC until the end of July to come up with a voluntary solution. A number of key trade union leaders were prepared to participate in such an exercise, not least because the economic prospects and the fate of the Labour Government seemed grim.

The TUC leadership attempted to stress the positive aspects of trade union relations with the Government while preparing a series of policy alternatives for discussion on the General Council and eventual submission to the September Congress. However, the external pressures for a dramatic shift in Government economic policy continued to multiply culminating in a sterling crisis at the end of June which precipitated the final agreement on the six pound policy. It should be emphasized, however, that well before the sterling crisis the Government, the TUC and the CBI were engaged in intensive discussions about the shape of a future policy. Indeed, the TUC had by and large accepted the Government's projected target for price inflation and was near to an acceptance of the proposed ten per cent restriction on wage rises. It had also fixed on the principle of a simple flat-rate increase as the basis of a voluntary policy to be implemented by the TUC. Moreover, it had achieved a large measure of consensus on the General Council that this would be the basis on which TUC representatives would proceed in their negotiations with the Government. Although the TUC continued to advocate an alternative package of policies, it had, in fact, yielded almost entirely to the Government's economic analysis and priorities. Wage increases were broadly defined as the central, albeit temporary, problem. It is important to emphasize the extent to which the new policy was already developed by late June because it is too often believed that the TUC was panicked into the six pound policy in the heat of the sterling crisis. The sterling crisis certainly dramatized the Labour Government's economic problems and possibly precarious hold on power. Thus, it probably also facilitated the mobilization of consent for the six pound policy within the unions.

However, the trade union leadership conversion to the new policy had already taken place.

The final part of the chapter will assess this conversion and its significance for the development of the Social Contract. This part of the chapter traces the development and formulation of the six pound policy. It first sketches the move to construct a Social Contract 'Mark II' in the spring of 1975; then examines the sterling crisis and the subsequent negotiations; looks at the initially shaky attempt to build a consensus around the result of these negotiations at General Council level; outlines the details of the policy; and, finally, considers the efforts to generate consent for it within the TUC.

Towards a Social Contract 'Mark II'

The April 1975 budget marked the end of the trial period for the Social Contract Mark I guidelines. From then onwards the Chancellor was pressed by a number of bodies to take further action to reduce the rate of wage inflation, while the Government and the TUC considered what kind of policy might replace the Social Contract Mark I. The OECD, the National Institute for Economic and Social Research, the CBI and the Treasury all were pushing for an incomes policy of some description (see The Economist, 5 April 1975; IDS Reports 208, 210 and 211, May and June 1975; Haines, 1977: 40-48). The CBI Council advocated a three-year wage stabilization programme to reduce levels of inflation below five per cent and called for tripartite negotiations in order that such a policy might emerge out of a measure of consensus (CBI, 1975). There was also constant pressure from within the Treasury for a statutory policy which, it

was argued, was the only measure which could reassure international confidence on the prospects for the British economy. Joe Haines (1977: 44), then the Prime Minister's press secretary, suggested that because the Treasury systematically looked at and discarded every conceivable option except a statutory incomes policy, it thus emerged by default as a viable option. The Government, however, continued to assert publicly its commitment to a voluntary policy. It also made clear that it intended to replace the Mark I guidelines at the end of the wage round (IDS Report 209, May 1975).

Thus, the Chancellor continually probed TUC representatives on what they were prepared to consider as regards the development of a new policy. At a meeting of the NEDC on 7 May, he confessed that he disliked cutting public expenditure and increasing unemployment, but with wages rising at a rate nine or ten per cent faster than prices, he had little 'freedom of action' (NEDC, 7 May 1975). Similarly, at a May Liaison Committee meeting purportedly about investment, he said that the main economic priority was the control of inflation and this would involve trimming public expenditure and the social wage. Increased investment could only come from reduced private consumption (LCR, 19 May 1975; Castle, 1980: 392-395). Significantly, this was the first time that the Chancellor breached the subject of real wage cuts. Again, only two days later in a meeting with representatives of the TUC Economic Committee, he comprehensively rejected the possibility of pursuing the TUC's preferred strategy of increased public expenditure and import controls to promote investment and protect employment levels. He maintained that Britain had already done more than its competitors to protect the level of employment and

further expansion in this direction was simply not possible. The Chancellor noted that 'overseas confidence in sterling was very fragile, and that given this fragility he had to know by the end of July what the TUC were prepared to do to curb inflation' (TUC ECD, 11 June 1975). This seemed to provide both a timetable and the parameters for the ultimate development of an independent TUC policy. Indeed, the Cabinet decided at the end of May to delay any further economic initiatives until their place in a broader economic package, including an incomes policy, had been determined (Castle, 1980: 399-401).

TUC staff had, of course, been contemplating the elements of a policy to replace the Mark I guidelines well before the Chancellor lay down any deadline for the development of a new policy. An internal document prepared shortly after the April budget for discussion by the Economic Committee was concerned to reaffirm the concept of the Social Contract as joint management of the economy. It accepted the need to shift resources from private consumption to investment and attached a special priority to the direction of investment through the proposed National Enterprise Board. These were the proposals that, subsequently, were rejected by the Chancellor, at least as long as the level of inflation remained high. On the question of pay guidelines, the document acknowledged that there had been gaps in observance. It suggested that the TUC must reaffirm its commitment to the Social Contract and, in particular, the principle of voluntary collective bargaining. It called for 'a greater sense of commitment on the part of affiliated unions' to making Congress policy work and showing 'that the Social Contract [was] not merely words on paper, but an active developing principle'.

Finally, it pointed to the need for the General Council to recapture the initiative by introducing a policy which injected 'new elements' (TUC ECD, 14 May 1975).

Although the staff's proposals for a more formal wage monitoring mechanism were rejected (Guardian, 15 May 1975), TUC leaders had clearly begun to focus on the development of a new policy. In fact, all of the themes enumerated in this May document were ultimately reproduced in The Development of the Social Contract, the basis of Phase One of the Social Contract incomes policies (TUC, 1975). Indeed, only three days after this Economic Committee meeting, Jack Jones first publicly aired at a southern region conference of the TGWU the possible 'new element' in a future policy - a proposal for a flat-rate wage increase (see IDS Report 209, May 1975; Crouch, 1977: 251; TGWU GSQR, 2 June 1975). Jones suggested that, as an alternative to government intervention in wage bargaining, a flat-rate general wage increase might be universally applied for a period of one year. Jones envisaged it as a way to break 'the fever' of inflation (Interview, 16 May 1980).

Any proposal by Jones, given his seminal role in the development of the Social Contract, was bound to command attention. However, the disarming simplicity of the proposal evoked additional interest. The Chancellor and the Prime Minister were reported to be greatly interested, though their initial enthusiasm was apparently dimmed by Treasury scepticism about its viability (Guardian, 22 May 1975; Haines, 1977: 47). The proposal also received serious consideration at the 21 May meeting of the General Council. Not surprisingly, perhaps, the scheme received the immediate endorsement of the GMWU

(Interview, 10 September 1979). Both Jones and Basnett were intent on reviving the seemingly flagging fortunes of the Social Contract in which they had invested so much effort. They especially wished to avoid a statutory policy which risked the irrevocable erosion of trade union support for the Labour Government. However, the proposal commanded additional attention for general or other unions representing the less skilled and lower-paid segments of the labour market. As was suggested in Chapter 4, the bargaining policies of the GMWU and TGWU had historically sought to advance the case of general labour as opposed to craft. The defence of differentials, therefore, rarely figured in their organizational vocabularies. A flat-rate wage scheme, as opposed to percentage wage increases, would reduce, however marginally, the existing hierarchy in wage scales. Indeed, wary of the implications of such a proposal for differentials, the general secretary of another of the sample unions, Clive Jenkins of ASTMS, proposed instead a policy of normal collective bargaining supplemented by job evaluation and cost-of-living increases (ASTMS ECM, 14 June 1975; ASTMS GSC, 10 June 1975). Again, as was suggested in Chapter 4, ASTMS bargaining policy and aspirations for expansion were predicated on an aggressive defence of differentials for the skilled, white-collar employee. The General Council, in fact, forwarded both of the proposals for more detailed consideration by its Economic Committee (Guardian, 22 May 1975). It also issued a circular which urged negotiators to adhere to the Mark I guidelines until a new policy was submitted to the September Congress (TUC Circular, 21 May 1975).

The pace towards a Social Contract Mark II accelerated rapidly after the 5 June referendum on Britain's continued membership in the

EEC. The defeat of the left in its opposition to EEC membership marked, in many senses, the symbolic defeat of the socialist conception of the Social Contract, even though, as indicated in Chapter 5, this conception was by then clearly subordinate in the determination of Government economic strategy.¹ This was partly because closer integration within the EEC was perceived by most proponents of the socialist conception of the Social Contract as a distinct barrier to the pursuit of transformative economic policies (see Chapter 2; also Forester, 1978). It was also because the leading opponent of EEC membership in the Cabinet and the key exponent of a radical industrial strategy, the Secretary of State for Industry, Tony Benn, was removed from the portfolio immediately after the referendum (see Hatfield, 1978: 248-251; Clark et al., 1980: 33; Castle, 1980: 409-417). Thereafter, the left of the Labour Party felt increasingly distant from the direction and determination of Government policy. This was increasingly manifested in bitter criticisms by the left of what they saw as the failure to fulfill Party Manifesto commitments on the Social Contract (on the confrontation between Ian Mikardo and the Chancellor, i.e., at the 25 June meeting of the Labour Party NEC, see Castle, 1980: 433). Ironically, at precisely the same time, a number of key trade union leaders, most notably Jack Jones, were increasingly prepared to accept many of what they viewed as the unpalatable economic priorities of the Treasury in order to 'save the Labour Government'. Jones, for instance, urged both Benn and Foot not to resign during this period because of the catastrophic implications for the Government (Interview, 16 May 1980; see also Castle, 1980: 454).

Castle (1980: 438) memorably described Jones as having 'rounded on the Left' and 'thrown his hat over the windmill in an overt and unequivocal determination to save the Labour Government'. As the weight of the TUC moved behind the Government, the Left in the Labour Party became an increasingly isolated exponent of many of the alternative economic proposals which it, paradoxically, shared with the official policy prescriptions of the TUC.

Although the TUC continued to insist that the Social Contract was a wider arrangement on the management of the economy, in practice, its own policy efforts were then focused on the development of a wages policy. This was because, as an internal document put it, the General Council accepted 'that the relationship between wage and price rises is the cause of considerable and real apprehension at the present time' (TUC ECD, 4 June 1975). Thus, whatever the explanation of the movement of pay increases over the period of the Social Contract Mark I, the TUC was by then in a position of identifying wage inflation as 'the problem' and seeking an effective solution. The June Economic Committee meeting considered the possibility of both flat-rate and percentage wage increases or even some combination thereof. The flat-rate proposal won qualified approval, though, ever mindful of the limits of their authority in this domain, TUC staff noted that the formula was, in some ways, less important 'than winning its acceptance by members and their negotiators' (ibid.). The problems of building an internal consensus on this issue were highlighted by Hugh Scanlon's opposition to 'any change in the pay policy' (FT, 17 June 1975). These problems were further compounded when the 17 June AUEW National Conference voted, by a margin of thirty-nine to thirty, to reject the Social Contract (see Chapter 7;

also AUEW AC, 1975; MS and The Times, 18 June 1975).

External pressures for the development of a new policy continued to mount. It had been thought that the result of the EEC referendum would provide sufficient breathing space for the development of a new economic policy (Guardian, 7 June 1975; MS, 10 June 1975). However, the value of the pound slid by four per cent in the six weeks leading up to mid-June (Glyn and Harrison, 1980: 107). When the pound experienced particularly severe speculative attacks on 12 June, the Bank of England spent five hundred million dollars protecting its value. The Chancellor felt that the economy was further imperilled by the imminent possibility of a railway strike (Castle, 1980: 417). These events heightened the urgency, in the Government's view, of implementing a new policy. A Cabinet subcommittee had already considered the TUC Economic Committee document on the possibilities for the development of a new policy and arranged to begin detailed negotiations with TUC representatives on the NEDC (ibid.: 430). The TUC and the CBI, moreover, had already commenced a series of talks designed to generate a measure of agreement. Although they found no basis for agreement on price control or industrial policy, they did agree on the necessity to fix price and wage targets to reduce the level of inflation (CBI IM, 18 June 1975; also FT, 16 and 19 June 1975; MS, 17 and 25 June 1975). The way for senior TUC representatives to negotiate with the Government was cleared on 25 June when the TUC General Council approved by twenty votes to five to proceed on the basis of the Economic Committee document. Those voting against the document included representatives from the engineering and white-collar sections of the AUEW, the NUM, ASLEF and

ACTT (Scanlon, Gill, Daly, Buckton and Sapper according to MS, 26 June 1975).

The respective negotiating stances in this set of three-way, bipartite negotiations were as follows. The Government's target was to limit wage increases to ten per cent or what it originally judged should be a five pound flat-rate increase. The problem was how to implement such a policy without antagonizing the unions. The solution, in its view, was to secure TUC agreement to the new policy. However, it was not prepared to consider any off-setting measures which would raise the level of public expenditure or further jeopardize international confidence in the value of the pound (Castle, 1980: 425-430). The CBI aimed for a three-year policy. It was prepared to accept a ten per cent limit on wage increases, if compliance could be ensured, but, for tactical reasons, declined to voice any figure in public. It preferred that any policy should operate on the basis of a percentage so as not to disturb differentials, though that would not prevent flat-rate increases in bargaining units which opted for them (CBI IM, 5, 13 and 18 June, 1975). Finally, the TUC General Council had approved six points as the basis for any future policy: a specific price target to be achieved by the middle of 1976; a figure for pay based on the achievement of the price target and to be applied universally in the form of a flat-rate wage increase; limits on high incomes; action to limit price increases through the Price Code and subsidies, if necessary; a major reduction in the level of unemployment; and the maintenance of the Social Contract as the basis of relations between the unions and the Government (TUCR, 1975: 272).

Thus, while both the Treasury and the CBI, among others,

remained profoundly sceptical about the ability of the TUC to secure compliance with any voluntary policy, a substantial measure of agreement about the form of such a policy had, in fact, emerged by the end of June. The TUC was clearly prepared to engage in a period of much tighter wage restraint. The Government insisted on either a ten per cent figure or a flat-rate payment of five or six pounds weekly. Jack Jones was holding out for a flat-rate sum of eight pounds weekly (Castle, 1980: 439). However, it was increasingly apparent, despite TUC protestations, that there was not to be any quid pro quo on the part of the Government. Indeed, even though the policy implied real wage cuts, there would probably be further public expenditure cuts, no selective job-saving measures and no additional control on prices (GMWU IM, 23 June 1975). However, with rumours rife about the possible imminent formation of a coalition government or, more ludicrously, a coup d'etat, a significant number of trade union leaders appeared willing to sacrifice their other economic priorities in order to deal with the 'problem' of wage inflation (Wilson was apparently obsessed with the possibility that a number of ministers on the right of the Cabinet were plotting to form a coalition government; see Castle, 1980: 432). The idea of the Social Contract as a quid pro quo had endured a strange twist. Rather than agreed measures in return for wage moderation, the TUC was now being offered the survival of the Labour Government itself. If wage restraint was the price of survival, then it appeared that key union leaders were willing to pay that price. As Jack Jones later told the TUC Congress when defending the policy, 'The lesson we have learnt [from the past] is that at all cost we have to keep a

The Sterling Crisis

The gradual construction of a voluntary pay policy was dramatically disturbed, and ultimately expedited, by a crisis in the value of the pound sterling. As was suggested in Chapter 5, the rapid increase in the public sector borrowing requirement over the previous year had largely been financed through recourse to short-term, external borrowing on the London money markets. These funds were readily available because of the surplus of 'petrodollars' then on the financial markets (see Milner, 1980: 234). However, it also rendered the British economy particularly vulnerable to both currency speculation and the withdrawal of funds placed in sterling (on the unusual volatility of the international financial markets at this time, see Mandel, 1978: 39; CISC DP, n.d.: 6). In fact, the strength of sterling and the financial role of the City of London had long played a crucial role in the determination of British economic policy (see, i.e., Carli, 1981; Longstreth, 1979; Minns, 1981; Tomlinson, 1981a). The role of the City of London as an international financial centre was traditionally seen to be contingent on the maintenance of the value of the pound. Even after the reserve role of sterling declined, relative stability in the value of the pound continued to be an important element in the generation of foreign confidence. However, relatively poor domestic economic performance had contributed to periodic runs on the value of the pound in the post-war period. Thus, British governments, particularly Labour governments led by social democrats, have felt obliged to alter their economic policies in the expectation that such alterations

would bolster foreign confidence. These alterations, as suggested by the Treasury, have invariably involved some form of restraint on wage increases and public expenditure cuts (on the 1940s and 1960s experience, see Panitch, 1976; Allen, 1966: 46-55). In contrast, those on the left of the Labour Party have opposed such an accommodation with the market rationale of private capital. Very much in terms of the socialist conception of the Social Contract as outlined in Chapter 2, they have argued in favour of devaluation, greater control over the flow of capital and, if necessary, import controls. Such an approach was not seriously contemplated by the Government. Rather, it sought to meet the minimum demands of 'foreign confidence', primarily through a wage control programme designed to reduce the level of price inflation, while, if possible, maintaining some vestige of credibility in the Social Contract by avoiding statutory controls.

On 30 June, the value of the pound declined by an unprecedented 1.3 per cent in a single trading session. This left the pound at a value of 2.173 dollars - the precise level at which a number of the most important OPEC holders of sterling reserves had threatened to exchange sterling against other currencies. This sparked immediate panic in the Bank of England whose governor, Gordon Richardson, met the Prime Minister to warn that if emergency economic measures were not implemented then he risked the imminent collapse of the currency (Haines, 1977: 53; Wilson, 1979: 115). The Treasury proposed the immediate implementation of a statutory pay policy (*ibid.*). It is open to speculation whether the 30 June currency crisis was a 'joint putsch' by the Treasury and the Bank of England on Government economic policy or whether it was simply fortuitous. Haines (1977:

59) appears convinced that it was a conspiracy. Certainly, it gave the Treasury an opportunity to 'bounce' the Chancellor in the direction of a statutory pay policy when he had appeared to be gravitating towards a voluntary policy (see, i.e., Watkins, 1975).

The Government was already committed to a change in economic policy and the negotiations with the TUC were well advanced. The gravity of the crisis, however, pushed the Government to take a much tougher line in the negotiations. Healey told the Cabinet that there could be no question of exceeding a ten per cent limit. The principal problem was how to ensure compliance with the policy. The Treasury was inclined to legislate sanctions on employers for any breach of the policy, but the Cabinet resolved, first, to pursue the attempt to construct the voluntary policy with the TUC (Castle, 1980: 439-443). If no agreement was forthcoming, the Chancellor indicated that he would introduce legislation making compliance compulsory for employers (NEDC, 2 July 1975).

The TUC response to this crisis was crucially dependent on the policy adopted by the TGWU. As was suggested in Chapter 5, the TUC's ability to construct a voluntary policy was, first, contingent on the degree of consensus that it could construct at leadership level and, then, on the consent that it could generate for the policy within affiliated unions. The AUEW National Conference had already indicated its opposition to any continuation of the Social Contract (AUEW AC, 1975). Quite coincidentally, on the same day as a crisis session of the Cabinet discussed its policy options, the TGWU Biennial Delegate Conference debated its attitude to the Social Contract and any future wage guidelines. In Chapters 3 and 4, it was

indicated that the TGWU policy conference had been consistently opposed to wage restraint and incomes policies. If it took the same line on 1 July 1975, then any TUC efforts to construct a voluntary policy would be doomed in advance. In fact, the TGWU BDC, while endorsing neither incomes policies nor wage restraint, voted to support both the Social Contract and Jones's proposed flat-rate wage increase for a period of one year (TGWU BDCM, 1975). Jones's success in securing the consent of the TGWU policy conference will be central to the analysis of the mobilization of consent for pay policy within the sample unions in Chapter 7. Its external ramifications were immediately apparent. TUC leaders could still aspire to construct some kind of consensus around a voluntary flat-rate policy.

Crisis Negotiations

The immediate effect of the 30 June 1975 sterling crisis in combination with the decision of the TGWU's Biennial Delegate Conference to seek an agreement with the Government on a flat-rate pay policy was to precipitate a collapse of almost all the remaining resistance on the TUC Economic Committee to the Government's proposed policy. A special meeting of the TUC Economic Committee on 3 July considered the possibilities prior to meeting the Chancellor. The TUC could reject the Government policy, or endeavour to seek an agreement, or acquiesce in probable Government legislation. If the TUC did seek an agreement, there was also the question of 'whether they would be able to "deliver" to the Government's satisfaction - of how far they could secure the support of the trade union movement as a whole' (TUC ECD, 3 July 1975). The Committee took the view that 'rank and file trade unionists' felt the UK to be in a crisis and

were looking to the TUC to give a lead.

In their meeting with the Chancellor, the Committee asked him why it was necessary to take such precipitous action when their previous negotiations were already well advanced? Healey explained it as a choice between regaining the confidence of foreign lenders through measures to bring the rate of inflation down to ten per cent or, ultimately, going to the International Monetary Fund for assistance. This latter option would almost certainly entail rigorous credit conditions bringing, in turn, deflation and higher unemployment. He, therefore, proposed a ten per cent pay policy. The flat-rate scheme probably stood the best chance of success in his view. In order to ensure compliance, he intended to use a range of measures including price code sanctions on employers and cash limits in the public sector.² There was no question, however, of implementing criminal sanctions on trade unionists. Michael Foot, the Secretary of State for Employment, added that a voluntary policy supported by the trade union movement could succeed. Failure to agree, however, would destroy the Government. The TUC was, thus, presented with a very limited set of options. The Government, moreover, held out little scope for tangible benefits in return for cooperation. The Chancellor warned that the short-term impact on employment would not be favourable, and noted that there could be no action on unemployment until the rate of inflation had been reduced. Similarly, the Prices Secretary, Shirley Williams, foresaw little possibility to tighten price controls because of the already precarious liquidity situation facing industry. The TUC representatives argued for a package of measures 'sufficient to persuade unions that the Government was taking their side of the

policy seriously'. The Government, however, conceded little other than an offer to delay cuts in food subsidies and to reduce proposed rent increases (TUC ECD, 3 July 1985).

Appropriately, the word 'crisis' is derived from the Greek word for 'decision'. The sterling crisis, in fact, forced an immediate decision. The TUC Economic Committee had defined three possible options. First, it could reject Government policy and abandon the Social Contract entirely. As will be explored further below, this was an unlikely possibility. Yet, secondly, to acquiesce in a statutory pay policy would not only cede the TUC's remaining role in policy formulation, it would also damn the Social Contract in the estimation of affiliated unions as little more than statutory wage control - precisely the image that TUC leaders had so persistently rejected. Thus, thirdly, the Economic Committee pursued what it perceived as its only viable political option, even if, as Geoffrey Drain, the NALGO general secretary, later described it, it was tantamount to having a pistol placed at their heads (TUCR, 1975: 462). It indicated that the TUC was prepared to discuss 'the form in which the ten per cent might be applied' (TUC ECD, 3 July 1985). Clark et al. (1980: 34) aptly observed: 'as had occurred on previous occasions since 1945, the choice facing union leaders was not whether they wanted an incomes policy, but what kind of policy, and what role they were willing to accept in its implementation'.

The TUC Economic Committee negotiated with the Government against a backdrop of growing crisis. However, it had signalled its intention to acquiesce in the policy whether or not some form of quid pro quo was forthcoming. This perhaps fatally undermined its

capacity to drive a harder bargain with the Government. Michael Foot was reported to have told Cabinet colleagues at the time that although the TUC was 'asking for certain set-offs' - a tougher line on prices and import controls and a target for the reduction of unemployment - 'the TUC was not insisting on these as conditions for accepting the figure of six pounds for wage increases' (Castle, 1980: 448).

A number of key union policy conference decisions facilitated the TUC's decision to cooperate with the Government's ultimatum. As was suggested above, Jack Jones's success in securing the consent of the 1975 TGWU Biennial Delegate Conference, as will be discussed in Chapter 7, was undoubtedly the most important component in the attempt to construct a new voluntary policy. With the support of the GMWU and a number of other unions also virtually assured, the TUC leadership enjoyed a sufficient margin of manoeuvre to undertake a final phase of negotiations with the Chancellor. The possibility of building some form of new leadership consensus was given an additional boost by the NUM policy conference. Following a plea by the Prime Minister to save the national economy and the Party, opponents of a voluntary pay policy narrowly failed in their bid to make a hundred pound minimum weekly wage the target of the next wage round (Wilson, 1979: 116-119). The interpretation that this decision was a victory for the future policy was reinforced only a few days later with the NUM executive's decision to recommend support for the Social Contract Phase One in a pit-head ballot.

In the ensuing negotiations on 7 and 8 July, discussions centered on the technical details of the policy. Although the TUC raised a number of other items such as price controls, pensions,

import controls, and unemployment, the Government representatives refused to countenance anything which might increase public spending. The negotiations concentrated, instead, on the multitude of industrial relations problems which invariably confront any attempt to dictate a norm for settlements in British collective bargaining (on these problems, see Clegg, 1971). Indeed, the concept of a six pound flat-rate supplement with its connotation of 'rough justice' had been fixed upon in the first place in order to circumvent some of the thornier problems arising from incomes policy norms. There were outstanding issues, nonetheless, and the Chancellor made every attempt to minimize potential loopholes and breaches. The fragile character of the TUC leadership consensus was highlighted by the fact that the most contentious items divided the unions among themselves as much as they did the Government and the TUC. As the Financial Times (8 July 1975) described the 7 July meeting, it 'almost ended in disarray at one stage when union leaders tried to grapple with this problem of detailed implementation of a pay limit. Instead of agreeing, however, they squabbled among themselves about how their own individual groups of members should be treated within a new policy'.

Among the contentious items, there was, first, the question of existing commitments such as staged payments and their relation to the new limit. Unions which were waiting for the second or third stage of a previously negotiated agreement did not want those payments to be disallowed. Nor were they very keen to see them subtracted from the six pound limit in the following pay round. Secondly, the union representatives were divided on the question of

incremental scales. The white-collar unions stood to benefit if such scales were to be allowed outside the pay norm, while a number of the major manual unions argued that there should be no special cases. Indeed, the TUC representatives confessed their inability to arrive at a common view on this issue (TUC ECD, 7 July 1975). Finally, there was some disagreement on the cut-off point for wage increases in the following year. As opposed to the Chancellor's suggestion of ten thousand pounds, the TUC had, largely at the behest of Jack Jones, advanced a figure of seven thousand pounds, which would adversely affect the middle-management constituency of some of the white-collar unions.

The Social Contract Mark I had not raised these kinds of problems because, as was argued in Chapter 5, the formula was sufficiently ambiguous so as not to translate into real industrial constraints. These were exactly the kinds of constraints that the six-pound policy was meant to bring about. Such an unpalatable prospect highlighted some of the very real industrial differences which defined various union constituencies and their respective bargaining policies. These differences impinged on the freedom of general secretaries to build the consensus which was so necessary for the formulation of effective TUC policies - particularly as many trade union leaders had had no opportunity to seek the prior consent of their own union executives. Thus, the relative consensus which had been achieved at the General Council meeting of 25 June when it was agreed to negotiate a flat-rate pay policy began to dissipate in the specific negotiations. The Chancellor, meanwhile, held that there could be no additional increases.

The General Council Vote

The divisions over specific aspects of the proposed policy sparked off further doubts about its equity and viability both inside and outside of the TUC. When the TUC General Council held a special meeting on 9 July 1975 to ratify the negotiating efforts of the Economic Committee, it was hoped that there would be a majority in favour of the plan (on the attempt to secure a large majority, see FT, 9 July 1975). In fact, only nineteen General Council members voted for the policy, thirteen opposed, and another three, who had been expected to vote against the plan, absented themselves from the proceedings before the actual vote took place. Those voting against the plan were Lord Allen (USDAW), John Boyd (AUEW), Ray Buckton (ASLEF), Lawrence Daly (NUM), Geoffrey Drain (NALGO), Len Edmondson (AUEW), Alan Fisher (NUPE), Ken Gill (TASS), Fred Jarvis (NUT), Clive Jenkins (ASTMS), Terry Parry (FBU), Audrey Prime (NALGO), and Alan Sapper (ACTT). Those who were expected to vote against the plan but left early included Les Buck (Sheetmetal workers), Hugh Scanlon (AUEW) and Jim Slater (NUS) (see Guardian and MS, 10 July 1975).

Of the thirteen who voted against the Economic Committee recommendation, four (Buckton, Daly, Gill and Sapper) had in fact voted against the principles elaborated by the General Council on 25 June. Three (Fisher, Jenkins and Parry) were seen to be on the left of the General Council and their individual unions also opposed an incomes policy. A further two (Boyd and Edmondson) were specifically mandated by their unions to vote against any Social Contract Mark II. Finally, there was another group of four who did not oppose incomes policy in principle, but rejected specific aspects of the package as negotiated. This group included Lord Allen of USDAW, who believed

that too much government action on prices would be detrimental to his retail membership, and Geoffrey Drain and Audrey Prime of NALGO and Fred Jarvis of the NUT who viewed with disquiet the effects of the proposed policy on both public sector and white collar employees. Regrouping the possible reasons for opposition among the thirteen who voted against the proposals, nine must have been influenced by the possible effects on differentials, seven were habitually seen to be on the left of the General Council, and seven must have been directly concerned about the future cuts in public expenditure. Indeed, the skill or differential factor combined with either the effect on public expenditure or the identification with the Left accounted for all but one of the opponents. This exception was Lord Allen whose fear of the effects of a possible price freeze on the shopworkers ultimately receded to the degree that he became one of the policy's strongest advocates.

Thus, despite the fact that the TUC had only two weeks earlier agreed by a large majority to seek a voluntary incomes policy with the Government and although the TUC Economic Committee felt able to recommend the results of its negotiations with the Chancellor to the vote of the General Council, there was a very substantial minority who opposed the agreement in the General Council vote. Quite unusually, two members of the Economic Committee (Allen and Fisher) broke with an unwritten convention and voted against the agreement to which they had been party. This was clear evidence for whatever reason of the discomfort of a number of union leaders with the agreement. To some extent, the split vote was a protest at the way the negotiations had been conducted. There was little satisfaction

at the way the TUC had been panicked into the final agreement. Ironically, the Chancellor identified the speed with which the TUC had arrived at the voluntary agreement as one of the most impressive aspects of the whole process (The Times, 12 July 1975, cited in David Coates, 1980: 66). However, that very rush compromised what was described in Chapter 5 as the usual careful 'chain of consensus-building' which generally accompanied the framing of TUC policies. While members of the General Council were nominally elected by all the members of the TUC, they were, in practice, more frequently and directly accountable to their own unions, particularly their executive committees.³

Given the rush and panic which accompanied the negotiations, a number of individual trade union leaders were not in a position to mobilize consent within their own unions to the proposed policy. Even where they might have been inclined to vote for the policy, their freedom of manoeuvre was in many cases constrained either by previous policy commitments or the possible risk of censure within their own unions. The split vote was also, at least in part, indicative of the likely industrial impact of the policy. The implications of a flat-rate payment as well as the proposed treatment of incremental scales swayed a number of white-collar and craft-oriented unions representatives against the policy. Public sector union leaders also feared both the impact of the guidelines on their members and their likely rigid enforcement through the new system of cash limits (see note 2 above). The narrow margin of the vote on the General Council and the seeming impossibility of rallying affiliates around a common policy of restraint again highlighted why TUC leaders had so consistently eschewed an overt commitment to an incomes policy

in all of their previous discussions with the Labour Party and the Labour Government on the Social Contract.

The Policy

The apparent lack of consensus within the TUC General Council on the new policy also heightened further the scepticism of opponents of the 'voluntary option'. Thus, the Chancellor and the Treasury pushed for the legislation of reserve powers of compulsion in the case that the guidelines were not being enforced. Such legislation, it was argued, was essential if the Government's White Paper on inflation (Phase One, 1975) was to carry 'conviction with our creditors' (Castle, 1980: 454; see also Haines, 1977: 65). However, the Cabinet narrowly came down in favour of Michael Foot's pleas that the legislation of reserve powers could provoke the defeat of the policy at the September TUC. He argued that it would not be possible to run incomes policy without the support of the trade union movement (Castle, 1980: 455). The CBI opposed both the principle of the flat-rate increase and the voluntary nature of the policy. It endorsed the objectives of the policy, but argued that since the TUC was incapable of ensuring compliance the Government should proceed with a statutory policy as quickly as possible. In particular, it objected to what it saw as the inflationary consequences of the six pound limit in many industries and the fact the burden of compulsion was placed almost uniquely on employers through price controls and contract sanctions (CBI IM, 2, 4, 25 and 28 July 1975). These doubts about the viability of the voluntary policy may well have served to encourage TUC compliance. The Government was, at least, resisting strong internal and external pressures for a statutory policy (on

this point, see Panitch, 1979: 63).

The results of the negotiations were set out in two documents: a Government White Paper, The Attack on Inflation (Phase One, 1975), and a TUC General Council statement to Congress, The Development of the Social Contract (TUC, 1975). These companion documents summarized the essence of the policy. The Government White Paper clearly sought to impress creditors and halt the run on the pound. Thus, the reduction of the rate of inflation to single digit figures by the end of 1976 became the central priority of all Government policy. To this end, and within the framework of the Social Contract, the Government had obtained the TUC's voluntary agreement to limit wage increases to a flat-rate maximum of six pounds per week with all non-wage benefits to be offset against this cash figure. A twelve-month interval between wage settlements was to continue to apply. The only possible exception to the maximum limit was for the attainment of equal pay. Further, there were to be no wage increases for those earning more than 8,500 pounds a year. The TUC document outlined substantially the same guidelines, though it made considerable efforts to present the new policy within the context of the social, economic and legislative achievements of the Social Contract. It acknowledged that there had been some 'undesirable gaps' in the observance of the Social Contract Mark I guidelines and that wage increases could not continue at their current level if inflation was to be reduced to single digit figures. It, therefore, recommended that union collective bargaining policies should be formulated in the light of the new guidelines. Other union objectives should be deferred until the end of this temporary period

of restraint when exigencies would permit them to be phased in. The TUC differed with the Government's guidelines in two respects. It maintained that there should be no increases for those earning 7,000 pounds or more annually. It also held that the six pound increase should be universally applied as an entitlement, rather than a maximum. The Chancellor specifically rejected this view (LCR, 21 July 1975; Castle 1980: 470).

Compliance with the policy was to be enforced by a combination of voluntary and compulsory measures. This is what the Guardian (12 July 1975) referred to as 'squaring the incomes policy circle'. Hitherto, pay policies had generally been based on some notion of an equality of sanctions for employers and unions. The six-pound policy was to be enforced in a virtually compulsory fashion on employers through price code and contract sanctions in the private sector and through the introduction of cash limits in the public sector. For trade unionists, the policy was to remain voluntary. The TUC, however, was committed to monitoring settlements and opposing those that exceeded the limit (TUC, 1975). To this end, the TUC General Secretary requested that all affiliated organizations provide regular information on settlements and should seek the advice of the General Council when they encountered difficulties in applying the guidelines (TUC ECD, 13 August 1975; TUC Circular 189, August 1975; FT, 14 August 1975; Guardian, 19 August 1975). Although the Treasury had not succeeded in its attempt to publish its intended reserve enforcement powers, the Chancellor warned that any gaps or weakening in the policy would immediately lead to the introduction of reserve powers and possibly further public expenditure cuts.

Selling the Policy

Once the General Council had approved the policy guidelines, there was an immediate attempt both to regenerate a degree of leadership consensus on the policy and to mobilize consent within individual affiliates. As one senior TUC official described it: 'all the positives were put on parade to sell the policy' (Interview, 22 August 1980). Indeed, the Government set up a special Counter-Inflation Publicity Unit to sell the merits of the policy, especially to trade unionists. General Council approval seemed to remove the burden of opposition from many General Council members who might previously have feared signs of opposition within their own unions. Using the General Council decision as their mandate, they could more easily work to sway their own executive councils towards support of the policy. In quick succession, a number of key unions either added their consent to the policy or recommended such a course of action to their membership. Some of the staunchest supporters such as the TGWU, the GMWU and the NUR reaffirmed their support (10, 22 and 16 July). Other unions such as USDAW, NALGO and the NUT, which had opposed the agreement on the General Council, agreed to lend their support, albeit with some reservations (12 and 13 July). The NUM recommended acceptance of the policy in its decision to conduct a full ballot of the membership (11 July). The relative silence of such erstwhile opponents as Hugh Scanlon and John Boyd of the AUEW was also an important signal of declared acquiescence. Castle (1980: 469) described Hugh Scanlon's 'mute presence' at the July Liaison Committee meeting as 'an eloquent testimony of the almost total collaboration we are now getting from the TUC with pay policy'. In fact, as will be discussed further in Chapter 7, the AUEW recalled

its National Committee in December 1975 in order to reverse its policy of opposition to the Social Contract (AUEW RNCR, 1975). Another of the sample unions, the FBU, continued to oppose the policy in principle. However, it suspended an industrial dispute on the understanding that it would receive the full six pounds from the employers at the time of its negotiations the following November (IDS Report 215, August 1975; FT, 14 August 1975). There were a number of unions, on the other hand, which reaffirmed their opposition to the policy. The executives of two of the sample unions, NUPE and ASTMS, for instance, registered their opposition to the voluntary pay policy. Similarly, TASS maintained that it would not be bound by it.

By the time of the regular 23 July General Council meeting, there was what the Financial Times (24 July 1975) described as 'broad-based support' for the new six pounds a week pay limit. TUC leaders had ensured that the policy would be endorsed overwhelmingly at the September Congress. They hoped that this endorsement would then be translated into pay negotiations. The publication of the preliminary agenda of the TUC in late July confirmed that although there would be substantial opposition from a number of unions, the TUC policy would likely be carried by a comfortable margin (The Times, 29 July 1975). Indeed, by the time of the September 1975 TUC, the policies were already in operation and receiving full TUC cooperation in terms of monitoring. There was little surprise, therefore, when the six pound policy was adopted by a two to one margin at the September Congress (6.945 to 3.375 million votes, TUCR, 1975: 480). The principal opponents included the AUEW

(all sections), ASTMS, NUPE, CPSA, SCS, the Sheetmetal Workers and a number of smaller unions such as the Tobacco Workers, Furniture Workers, ASLEF, FBU and ACTT. Among the sample unions opposing the policy, only ASTMS did not officially alter its policy of opposition in light of the TUC decision. The AUEW, NUPE and the FBU all acquiesced in the six pound policy (see Table 1.4).

Thereafter, the Social Contract would become increasingly inseparable from a series of incomes policies from which the TUC withdrew its support in 1977 and which ultimately collapsed in the pay round of 1978-1979. The next part of this chapter charts the development of Phase Two. The final part of the chapter will analyze further how the TUC leadership was converted to support a more or less formal incomes policy and the significance of this change for an understanding of trade union approaches to the Social Contract.

PHASE TWO

The previous section outlined the context and negotiations which led the TUC to formulate and support the Phase One incomes policy. This section briefly considers the industrial impact of Phase One, anticipates the impact of Phase Two, and outlines the context and process of the renewal of TUC support for a Phase Two policy. The Phase One policy was, in most respects, seen to be remarkably successful as it coincided with a precipitous decline in the rate of increase of both earnings and price inflation. Economic problems, however, continued to mount throughout the period, particularly in terms of rising levels of unemployment and renewed pressure on the value of the pound. Apart from its policy of wage restraint, the Government response was aimed primarily at a reduction in the level

of public expenditure. There were growing tensions in TUC-Government relations as trade union leaders adopted an increasingly critical view of the Government's economic policy orientations. Against a backdrop of yet another sterling crisis, the TUC agreed to a Phase Two policy despite the achievement of very few concessions from Government during the negotiations. It, then, received overwhelming affiliate support for the continuation of the Social Contract incomes policies at a June 1976 Special Congress. However, there was already increasing evidence that the TUC was unlikely to endorse a further round of pay policy guidelines and the September 1976 Congress signalled its intention to return to voluntary collective bargaining at the end of the Phase Two policy. The rising tide of opposition to wage restraint within both the TUC and the sample unions is the subject of Chapter 8.

Since it is crucial to an understanding of the processes of consent and opposition to incomes policy within the sample unions, this section first considers the actual impact of the Phase One and Two policies. It then outlines the changing economic and political context during the Phase One period and its implications for the development of TUC-Government relations. Finally, it examines the negotiations for Phase Two, the subsequent generation of consent for the new policy within the TUC, and the growing indications that the possibilities for further rounds of such policies would be extremely limited.

The Industrial Impact of Incomes Policy

Most negotiators interviewed in this study agreed that the six pound policy had the overwhelming merit of simplicity. Its

connotations of rough justice and relative equality in exceptional circumstances made it perhaps the most widely accepted pay policy phase in the post-war period. Like all centralized pay norms, it necessarily had a differential effect on the myriad variations of British pay structure. However, these anomalies did not translate into any widespread opposition until Phase Two. Despite the opposition of a few unions, often more symbolic than substantive, the guidelines commanded fairly wide support and adherence throughout Phase One. The sample union responses to the Phase One and Two guidelines will be explored further in Chapter 7. This section briefly highlights the industrial impact of the Phase One guidelines and anticipates the impact of Phase Two. In particular, it outlines the degree of adherence to and support for Phase One and identifies the specific areas where small anomalies risked provoking more vociferous reaction in subsequent phases of the Social Contract incomes policies.

The six-pound limit was originally based on a target increase of ten per cent in earnings. The increase in earnings over the policy period was roughly thirteen per cent. The TUC argued, with some justification, that this difference was not the result of gaps in observance. Rather, it stemmed from the policy's provisions for equal pay, staged payments if they were arranged prior to the policy, some movement from lower to higher paid jobs and earnings drift associated with piecework and overtime payments which, it was argued, was not inflationary because it represented increased output (TUC ECD, 26 April 1976). Certainly, the policy was, from the beginning, carefully scrutinized and widely acknowledged to have been

'universally' observed (see, i.e., TUC ECD, 12 November, 1975 and 14 January 1976; TUCER, 1976: 12; CBI IM, 16 December 1975; IDS Report 226, February 1976: 21). Indeed, in his study of West Midlands engineering industry wage data, Brown (1979: 54) remarked how closely an industry with such a high proportion of its employees on payment-by-results systems adhered to the limit. Similarly, in a study of British manufacturing industry, Daniel (1976: 110-111) found not only a high degree of compliance with the six-pound policy in manufacturing establishments but that negotiators experienced little difficulty in achieving that compliance.

There were a number of reasons why the policy commanded such a high degree of adhesion. First, it was well designed. Reflecting on their original opposition to the design of the policy, CBI officials later noted that, 'with hindsight', the rough justice aspect of the policy 'facilitated entry into pay controls' (CBI IM, 16 December, 1975). Similarly, an internal TUC document suggested that it was

the right policy in the circumstances. It was clear and simple, focused increases on the low paid, precluded unduly large cash increases for the high paid, and cut through the complication of separate provisions for particular groups which, because of comparability claims, had helped to weaken the previous policy (TUC ECD, 14 April 1976).

Negotiators interviewed in this study, virtually without exception, agreed with this assessment. Its universality, simplicity and notion of 'justice for all grades in exceptional circumstances' made the policy eminently marketable. This made for an exceptionally 'easy' pay round - 'like delivering a crate of tomatoes in a Rolls Royce' recalled one shop steward (see Brown, 1976b).

Secondly, the operation of the policy was also helped by a

degree of 'money illusion'. Thus, the policy was perceived in terms of past price and wage increases, rather than future price expectations. For many trade union members, six pounds was the largest cash increase they had ever received. The implications for real wages were not immediately apparent even though union leaders did not disguise that a six pound increase would entail a cut in living standards (see, i.e., GMWUJ, October 1975; also Interview, 30 April 1980). Even then, however, the decline in real take-home pay was more readily associated with the Social Contract Mark I period or, later, with Phase Two. Real take-home pay during Phase One remained relatively stable (see Figure B.2, Appendix B; on the impact of Phase One on real earnings of selected occupations covered by the sample unions, see Appendix D).

Thirdly, the policy implementation was no doubt facilitated by the fact that it appeared to be working. The rate of annual increase in price inflation dropped from just under twenty-seven per cent when the policy started to roughly eighteen per cent when intensive negotiations for Phase Two were in progress to thirteen per cent at the beginning of Phase Two. The rate of increase in earnings experienced a similar decline (see Appendix B, Figure B.1).

Fourthly, adherence to the policy was also aided by the apparent lack of exceptions and special cases which would have encouraged other comparative claims. Certainly, the success of this formula convinced TUC negotiators for Phase Two to adopt a similar 'no exceptions' approach as opposed to the more complex formulations favoured by the Treasury (see below). During both Phases One and Two, the Department of Employment monitored mainly the largest settlements and made several requests that companies defer or cancel

payments that appeared to breach the limit (Interview, 15 October 1980; see the case, i.e., of Standard Telephones and Cables in Northern Ireland, TUC ECD, 12 November 1975). The TUC received over five hundred requests for advice from affiliates during Phase One and a thousand during Phase Two. It dealt with most of these on an informal basis as well as holding more formal meetings with the CSEU and the steel and railway unions during Phase One and the NUS, NUM, British Leyland Truck and Bus Division, ceramics industry and Merchant Navy Officers during Phase Two (TUCR, 1976: 300 and 1977: 217). TUC officials were particularly wary of giving the impression that they were operating machinery for 'special cases' (see, i.e., the case of the steel unions where the TUC refused their request for reference to arbitration as originally provided for in the policy guidelines in order not to create such an impression, TUC ECD, 11 February 1975). Perhaps, most importantly, employers appeared relatively committed to the policy and, ultimately, if the policy was breached, it was the employer who had to sanction such a transgression. Although some union negotiators suggested that there was employer connivance in resolving particular problems, companies appeared to be prepared to abide by the guidelines (this contention was further supported by a 1976 survey of managers in manufacturing, see Daniel, 1976: 111). Some union opponents of the policy confessed that although they might have been willing to take on their employer, they were not prepared to fight their company, the Government, the TUC and, often, even their own national union.

Fifthly, observance of the policy was certainly eased by a deteriorating economic situation. The context of crisis and the

vertiginous rate of inflation no doubt convinced many of the need for such a policy. The rapid rise in unemployment and the decline in labour market pressures probably reduced employer concerns about their ability to attract and keep labour, though the imposition of a flat-rate limit caused problems in retaining the most highly skilled. Rising levels of unemployment and general recession also stiffened their resistance to aggressive wages claims. Daniel (1976: 56) reported a very strong association between levels of demand for a product and management's desire to avoid work stoppages. Falling levels of demand meant that the avoidance of work stoppages was a lower priority, whereas in situations of rising demand it was the top priority. The economic climate also, of course, undermined the willingness of union members to pursue such wage claims. Certainly, in keeping with their support for the voluntary pay policy, union executives were not inclined to lend material support to members pursuing claims in breach of the guidelines. The AUEW executive, for instance, instructed members at British Leyland to return to work during the latter part of Phase One (see below). The level of dispute benefits paid out by unions was generally at among the lowest levels in the decade. This was the case, for example, in the calendar year of 1976 for ASTMS, the AUEW, TGWU and GMWU - all sample unions which covered a large enough number of decentralized bargaining units that the level of benefits paid out was not uniquely a product of whether there was a dispute in a single industry or bargaining unit, such as would be the case with NUPE or the FBU (see ASTMSR, 1972-1979; AUEW NCR, 1972-1979; GMWU Accounts, 1972-1979; and TGWUR, 1972-1979).⁴ This certainly reflected the fact that both the frequency and volume of industrial conflict declined to their

lowest levels in the 1970s during the Phase One period (Table E.1, Appendix E, compares industrial conflict on an August to August basis throughout the decade). Phase Two also experienced a very low volume of industrial conflict (ibid.). However, by the latter stages of Phase Two, it became increasingly difficult for union executives from holding back industrial action by selected groups.

Finally, policy implementation was also aided by the high degree of trade union consent. Support for the policy among trade union members was generally higher than among non-trade union members. Indeed, over half and often more than sixty per cent of trade unionists queried in Gallup Polls consistently saw Phase One as 'a good thing' as opposed to less than twenty per cent who viewed it as a 'bad thing' (see Appendix C). This level of support was maintained through the early months of Phase Two before falling off markedly (ibid.). The design and voluntary nature of the policies no doubt helped as did the appearance of their relative efficacy and the efforts of trade union leaders and the Government to sell their merits.

Although the degree of adherence to and support for the six pound policy remained at very high levels, Phase One did engender a number of industrial relations problems that, once exacerbated during Phase Two, presaged the development of more substantial opposition in later phases of the Social Contract incomes policies. These problems or 'anomalies' were largely the result of shifts in pay relativities and differentials which disturbed 'customary' wage relationships between and within bargaining groups. Such relationships have been the subject of considerable investigation. Certainly, it is clear that

they have an enduring and resilient character (Routh, 1980). The most common basis for assessing the fairness of pay comparisons is custom and convention (Wootton, 1955; Brown and Sisson, 1975; Brown, 1979b). Moreover, following on Runciman's work on relative deprivation (1966), major inequalities in incomes are not particularly salient in wage comparisons (see also Hyman and Brough, 1975). Rather, wage comparisons at the local level and with people doing broadly similar types of work appear considerably more important (Daniel, 1976: 119). Thus, Brown (1979b: 120) suggests that 'people are far more upset by the disruption of traditional pay differentials within their office or workshop than those between their own and other workplaces, and are even less perturbed by broader disturbances between industries, regions and social classes - so long as these do not affect their local pay position' (see also Hyman and Brough, 1975). Such is the complexity of wage structure and its various determinations. The significance of these findings for this study, of course, is in the impact of centralized wage guidelines on the differentials within plants and the relativities between them, particularly in local labour markets. If these are, indeed, the most salient types of wage comparisons, and the evidence indicates that this is the case, then the impact of pay policies on them is of particular relevance to any understanding of the processes of opposition and consent to such policies.

Interview evidence in this study tends to confirm such an hypothesis. The Phase One policy projected an image of 'social justice' in difficult circumstances. As was suggested above, it commanded a high degree of adhesion for a number of reasons. However, overall 'social justice' at the macro-level resulted in a

multiplicity of 'injustices' at micro-level. These feelings of injustice were not so much the product of any real wage effect, even though real wages were generally beginning to decline, experiencing a much sharper fall during Phase Two. Rather, they stemmed from the impact of the policy on the most salient forms of wage comparison - within workplaces and between workplaces within the local labour market. The complexity of British workplace wage structure and the multiplicity and relative fragmentation of bargaining units further exacerbated their effect. Thus, the Phase One policy generated many of the initial feelings of injustice and grievance around which opposition to the policies would ultimately coalesce. These were further accentuated during Phases Two and Three, particularly where the Government's guidelines for the latter were tightly enforced. What were some of these anomalies?

First, the very imposition of a central policy with fixed terms of reference and specific cut-off dates meant that some groups were affected in a way that their customary comparators were not. This effect was further complicated by the varying interpretations given to the effect of pre-existing staged payments and whether or not these constituted a principal increase for the purpose of calculating a twelve-month interval between principal settlements. Were they to be discounted against the new policy and from what date did negotiators have the right to implement new settlements? The potential for confusion and the disturbance of relativities was considerable. The railway unions, for instance, met TUC Economic Committee representatives because of their concern that a staged payment resulting from the previous year's settlement, intended to

restore their parity with coalmining surface workers, would be discounted against the six pound limit and, thus, once again undermine their relativity with coalmining surface workers (TUC ECD, 12 May 1976; on other examples, see IDS Report 228 and 231, March and April 1976).

Secondly, the policy had a differential impact on various methods of payment. Some bargaining groups, therefore, had greater or lesser scope to circumvent the effects of the policy. White-collar workers on pre-existing incremental scales, for instance, could continue to benefit from movement up those scales subject to certain constraints on overall unit wage movements. However, if customary differentials or relativities between groups were settled on an ad hoc or informal basis, then the reassertion of such relationships had either to be accomplished within the six-pound limit or held in abeyance until a new policy or the restoration of free collective bargaining permitted it. This played particular havoc with the customary relationships between workers on time payments and those working on payment-by-results (PBR) systems. Table 6.1 shows the movement of real earnings in the engineering and motor vehicle industries between June 1974 and 1977. The latter two years coincide roughly with the period of Phases One and Two of the Social Contract incomes policies. The downward movement of real earnings of all the workers from 1974 to 1975 indicates the severe impact of the recession in the two industries. It would appear that the flat rate supplement in Phase One gave a clear boost to the earnings of time-rated workers as opposed to their counterparts on PBR. However, those on time rates experienced a sharper relative decline during Phase Two, especially in the motor vehicle industry.

TABLE 6.1: THE PERFORMANCE OF REAL EARNINGS UNDER DIFFERENT PAYMENT SYSTEMS IN THE ENGINEERING AND MOTOR VEHICLE INDUSTRIES DURING PHASES ONE AND TWO

INDUSTRY -----	YEAR ----			
	1974	1975	1976	1977
ENGINEERING				
All time workers	100	93.9	96.4	88.1
All PBR workers	100	93.	94.	88.

MOTOR VEHICLE				
Semi-skilled time workers	100	91.7	98.7	87.7
Semi-skilled PBR workers	100	90.2	93.6	90.1

Source: Calculated from Department of Employment annual survey of earnings in the engineering and related industries (see DE Gazette, October, 1974-1977) and British Labour Statistics Yearbook (1974-1977).

Notes: Average gross weekly earnings for June of each year expressed as a ratio of the Retail Price Index based on June 1974=100.

While interview evidence with negotiators in those two industries certainly reflected a concern with the decline in real earnings during this period, it suggested as much concern about the disturbance in customary relationships between different groups of workers, particularly those on PBR and time-rated systems and their lack of flexibility to deal with these anomalies. The footwear industry provided another example of disturbed differentials as its national cost-of-living agreement was suspended in the spring of 1976 - the result of which was a narrowing of customary differentials between those on PBR and those on timework (Interviews, 26 August, 30

September and 1 October 1980; see also IDS Reports 217 and 230, September 1975 and April 1976).

Thirdly, the choice of a flat-rate as opposed to a percentage norm was, of course, bound to affect differentials. Table 6.2 shows the movement of differentials in the engineering industry between June 1974 and 1977. Again, the latter two years largely coincide with Phases One and Two of the Social Contract incomes policies. Table 6.2 indicates a discernible narrowing of differentials over the Phase One period from 1975 to 1976 when the earnings of both labourers and the semi-skilled moved up more than two percentage points on those of the skilled. This trend was, in fact, reversed over the Period of Phase Two. These findings are consistent with those of Brown (1979a) on the consequences of the Phases One and Two for interoccupational pay differences in the West Midlands engineering industry. Certainly, the impact of Phase One on the differentials of skilled workers presaged a growing tide of opposition to the effects of the policy among the skilled. This was already evident in the spring of 1976 with various workstoppages by skilled workers, particularly in the toolrooms, at British Leyland and other West Midlands engineering factories in an attempt to gain recognition of their claims for special bargaining rights (see IDS Reports 230 and 231, April 1976). The degree of disaffection with the pay policies among the skilled was further accentuated during Phase Two. The AUEW members whose claims were in breach of Phase One or Two were generally ordered to return to work by their union executive because of the union's official policy of support for Phases One and Two. The implications of such industrial revolts for the internal

TABLE 6.2: EARNINGS DIFFERENTIALS OF ENGINEERING WORKERS OVER PHASES ONE AND TWO

	YEAR			
	1974	1975	1976	1977
All Engineering Workers -----				
Semi-skilled as a per cent of skilled	91.3	91.	93.7	91.8
Labourers as a per cent of skilled	75.5	76.3	78.8	78.1

Source: Department of Employment survey of earnings in engineering and related industries. See DE Gazette (October, 1974-1977).

Notes: The survey is taken in June of each year so the change from one year to the next can be very roughly associated with the comparable pay policy periods: 1974-1975 - Social Contract Mark I; 1975-1976 - Phase One; and 1976-1977 - Phase Two.

political process of the AUEW and other sample unions will be explored further in Chapters 7 and 8.

Finally, the fact that the six pound limit was payable as an individual supplement and, therefore, not applicable for the calculation of overtime, shift differentials and various other payments caused numerous distortions of customary relationships in pay structures. This was clearly recognized by the Government, the CBI and the TUC, particularly during the Phase Two negotiations. However, it was estimated that the cost of consolidation nationally would be two per cent of the pay bill but distributed quite unevenly across industries (CBI IM, 16 December 1975; TUC ECM, 26 April 1976). Since the overall target for increases in earnings over Phase Two was five per cent, consolidation was, thus, politically unfeasible if the

norm was to be at all palatable for the majority of trade union members. Indeed, as is noted below, the Phase Two norm was also paid as an individual earnings supplement. This further accentuated the disturbance of customary wage relationships.

Thus, while Phase One commanded a high level of adhesion and support, its legacy was one of disturbed differentials and relativities - the most salient of wage comparisons. It was dissatisfaction with these disturbances that created the basis around which considerable dissatisfaction with the results of the policies would emerge in the policy processes of the sample unions. This is the subject of Chapter 8.

The Path To Phase Two

Perhaps paradoxically, Phase One commanded a high degree of support against a background of rapidly rising unemployment, continued pressures on the pound and restrictive economic measures to mollify foreign creditors. This economic context and the changing direction in Government economic policy contributed to an increasing tension between the TUC and the Government during the course of Phase One. Consultations between the two continued on a regular basis, but the TUC was unable to persuade the Government to implement its economic recommendations. Although TUC leaders were increasingly unhappy with their inability to influence the direction of economic policy, they were locked into a pattern of active support for the Government and the Social Contract. Their dilemma was that public criticism of the Government's economic policies risked undermining the credibility of the Social Contract in the eyes of their members on whose support the success of Phase One and, eventually, Phase Two

depended. Yet, failure to criticize the Government's policy orientations on unemployment, public expenditure and growth would both erode the credibility of TUC leaders vis-a-vis their members and remove the pressure on the Chancellor to alter economic policy in the direction advocated by the TUC.

A withdrawal of TUC support for either the Government or the Social Contract was, however, unlikely. First, TUC leaders believed that Phase One was working. Secondly, they hoped that the reduced levels of inflation in the British economy along with an imminent economic upturn would, after a further year of restraint, lead to a more clement atmosphere in which to implement the policies as agreed under the aegis of the Social Contract. Finally, repudiation of any Phase Two would have been difficult because, as will be discussed further below, they did not envisage any feasible political alternative to support for the Government and the Social Contract. A small consolation for union leaders was that the political survival of the Government appeared even more starkly dependent on its ability to secure trade union support for a Phase Two policy. This was dramatized by another run on the pound in the spring of 1976 which pushed the Government to expedite negotiations for Phase Two. The pressure on the pound, however, was also a clear reminder that, because of a large short-term debt, the Government was even more beholden to international creditors (on the problems of managing the external debt in 1976 and the particular leverage that this gave financial institutions over economic policy, see Tomlinson, 1981b; Ham, 1981; Fay and Young, 1978b). The Government's ability to maintain their confidence was apparently linked to both a continued

policy of wage restraint, for which it depended on TUC support, and the implementation of other restrictive economic measures which were almost diametrically opposed to the economic package sought by the TUC in return for its continued support for wage restraint.

This was the economic and political context of the Phase Two negotiations and, indeed, of Phase Two itself. The stalemate in the protracted negotiations between TUC representatives and the Chancellor over Phase Two ultimately had to be resolved by the new Prime Minister, James Callaghan.⁵ Although the deadlock was ostensibly about the details of the guidelines, it was more fundamentally concerned with the Government's unwillingness to make any substantial concessions in other areas of economic policy. Once again in the context of crisis, and with apparent reluctance, the TUC negotiators settled for little more than promises that the Government would pursue more sympathetic economic policies when the nation's economic circumstances permitted. Ironically, TUC leaders were able to translate their reluctant advocacy of the new policy into overwhelming affiliate endorsement for Phase Two at a special Congress in June 1976. However, the signs were already apparent that support for a Phase Three was increasingly unlikely. This section traces the background to Phase Two. The next section expands briefly on the negotiations for and endorsement of Phase Two.

The TUC's primary preoccupation throughout the autumn and winter of 1975-1976 was the rapid rise in unemployment. The rate of male unemployment had climbed from 4.8 per cent in June 1975 to 7.6 per cent in January 1976 (see Figure B.1, Appendix B). TUC leaders had presented the six pound policy to their members as a way of giving the Labour Government 'a breathing space'. This would give it the

freedom to defend the social priorities agreed in the Liaison Committee, 'particularly on unemployment, on social services and on the development of a real industrial plan for Britain' (see, i.e., Basnett in GMWUJ, October and November 1975). Even if specific quid pro quos had not figured prominently in the Phase One negotiations, Government action to counteract the rapid rise in unemployment quickly became a critical issue for the credibility of both TUC leaders and the Social Contract. In successive meetings with the Government, TUC leaders emphasized that action to reduce the level of unemployment was essential to the success of the six pound policy and an integral part of The Development of the Social Contract (TUC ECD, 10 December 1975 and 14 January 1976; LCR, 24 November 1975 and 26 January and 23 February 1976; Castle, 1980: 558-559, 630-631 and 657-660). The TUC urged Government action in four main areas: selective import controls, temporary employment and training measures, the implementation of the industrial strategy as decided in the Liaison Committee, and an overall economic stimulus to boost economic growth enough to reduce the level of unemployment (see, i.e., TUCER, 1976).

Government economic priorities, however, were, first, to reduce further the level of inflation through a Phase Two incomes policy and, secondly, to hold down the levels of public and private expenditure in order, it was argued, to leave scope for increased investment (see, i.e., Stewart, 1977: 228). The Government was, therefore, forthcoming on only two of the requested TUC priorities. It did launch a number of training and temporary employment initiatives through the auspices of the new Manpower Services Commission (TUCR, 1976: 300-307). However, these measures were

designed to mitigate the worst effects of the rapid increase in unemployment, not to effect any significant overall reduction in the rate of unemployment. The Government also proceeded with the implementation of its industrial strategy, albeit, many have argued, at a leisurely pace and in a much diluted form (see, i.e., Stewart, 1977: 217; Castle, 1980: 669; NEDC, 5 November 1975; TUC ECD, 12 November 1975).

On what the TUC considered the critical items for the reduction of unemployment, import controls and reflation, the Government made virtually no concessions. Over the autumn and winter of 1975-1976, the Chancellor repeatedly rejected the representations of the TUC on both the imposition of import controls and reflation. On import controls, the Chancellor and the majority of other senior ministers argued that they ran counter to Britain's international treaty obligations. Moreover, they emphasized that Britain was in fact a net exporter of manufactured goods. Import controls, therefore, risked sparking retaliatory measures which would further undermine the already precarious balance of payments (TUC ECD, 8 October and 12 November 1975). On the question of stimulating economic growth, The TUC argued that unemployment would continue to grow unless the rate of growth in the UK economy could exceed three per cent annually. Since a substantial decrease in the rate of unemployment was integral to The Development of the Social Contract, then it urged the Chancellor to pursue measures designed to achieve this targeted growth rate. This would entail a moderate stimulation of overall demand and a more vigorous pursuit of the industrial strategy to stimulate exports (see TUC ECD, 10 December 1975 and 14 January 1976). This analysis was repeated at separate Liaison Committee

discussions in January and February as well as constituting the central thrust of the TUC's budget proposals (LCR, 26 January and 23 February 1976; TECER, 1976). In its April 1976 budget, the Government did respond to TUC requests with increases in pensions and child tax allowances and some tax concessions subject to the successful introduction of a Phase Two pay policy. Otherwise, it argued that the constraints on the balance of payments prevented it from pursuing further reflationary measures until the economic situation improved. Indeed, a January White Paper on public expenditure had, despite protestations from both the TUC and the left of the Labour Party, committed the Government to substantial future reductions in public spending (see Pliatzky, 1982: 141-147). Reduction in public expenditure at a time of rapidly rising unemployment particularly galled the TUC representatives who at a February Liaison Committee meeting privately emphasized that unless the Government was prepared to reconsider some of its policies, their position would be untenable (Castle, 1980: 657-660; LCR, 23 February 1976). Yet, with the Government facing a key by-election the following week, TUC leaders publicly emphasized their continued support for the Government (Guardian, 26 February 1976).

A debate among senior Treasury officials about strategic options for the British economy was, in fact, in progress at this time. Unemployment was unlikely to decline. Economic recovery was much slower than anticipated. The balance of payments deficit and the public sector borrowing requirement both remained relatively large and pressures on the pound were, therefore, still intense. The Government was committed to the reduction of public expenditure and

levels of inflation in its engagements to international creditors. Yet, it was clear that the maintenance of voluntary wage restraint might be jeopardized if the Government chose to deflate further the level of economic activity in an effort to stabilize the balance of payments. Given these economic constraints, and probably in the light of the potential credibility problems for the Social Contract, the Treasury considered the merits of a controlled devaluation of the pound (on the economic situation and this debate, see Fay and Young, 1978 a & b; Stewart, 1977; Ham, 1981). It was argued that, despite the risk of increasing the rate of inflation, devaluation would make the price of British goods more competitive and generate the possibility of an export-led recovery. It might also reduce the increasing import penetration of British markets without the risk of retaliation that a policy of import controls might entail. Despite the reported reluctance of the Bank of England, the Treasury officials attempted to signal its preference for a downward movement in sterling to the international markets. This was, in retrospect, a risky endeavour for a vulnerable economy in the context of floating exchange rates.

The attempt to achieve a slight devaluation precipitated another major collapse in confidence in the pound sterling which lasted through the spring and into the summer of 1976 as it fell through the two dollar barrier and then, progressively, to below 1.70 dollars (see *ibid.*; also, Wilson, 1979: 226-227; Glyn and Harrison, 1980: 112). This led, first, to an emergency standby loan by foreign Central Banks in June 1976 and a new round of public expenditure cuts in July 1976 exacted as the price for continued international support for the pound (see Leiber, 1979). When the June loan expired, the

continued pressure on the pound ultimately led to the controversial decision to apply to the International Monetary Fund (IMF) for a new loan in the autumn of 1976. Despite prolonged ructions within the Cabinet and serious consideration of a form of import surcharge as an alternative, the terms of the IMF loan involved, inter alia, yet further rounds of public expenditure cuts (on the 1976 negotiations between the Government and the IMF, see Fay and Young, 1978a & b).⁶ This crisis posed such a serious threat to the political survival of the Government that even the Tribune Group supported the deal in Parliament, albeit, to paraphrase one MP on the left, 'with our eyes closed and walking backwards into the lobby' (ibid).

The Phase Two Negotiations

Even though the crisis over sterling lasted through most of the latter nine months of 1976, the rapid decline in the value of the pound during March and April of 1976 again influenced the negotiations about a new pay policy. In his April budget speech, the Chancellor emphasized the urgency of concluding a new pay agreement in order to stabilize the value of the pound. He proposed that if the TUC would accept a three per cent limit on pay rises over the coming year, then he would make consequent reductions in personal taxation. Conversely, this implied a readiness to tax away large pay increases (Stewart, 1977: 229). When Foot objected within the Cabinet to the very low figure being offered and insisted on the need for a figure which the TUC leadership could credibly recommend to its members, Callaghan warned that there would be grave economic problems if they could not get the three per cent figure (Castle, 1980: 717). Healey had floated the proposal of tax cuts in return for wage

restraint as early as February (FT, 14 February 1976). However, TUC representatives were reportedly miffed by Healey's budget target of a three per cent limit on wage increases which they believed was a deliberate attempt to limit the terms of the negotiations even before they began (TUC ECM, 14 April 1976; Observer, 11 April 1976).

The TUC had refused to engage in any discussions of the possible form of a Phase Two until after the budget. Indeed, its March Economic Review was notable for its lack of specificity on any future pay policy (TUCER, 1976; also The Times, 2 March 1976). Economic Committee representatives suggested to the Chancellor in a March meeting that the views that were being formalized at trade union conferences through the spring of 1976 would be strongly influenced by the contents of the budget (TUC ECD, 14 April 1976). Indeed, the TUC Economic Committee initially envisaged holding a consultative conference in the early summer to determine what form a possible Phase Two might take (TUC ECM, 10 March 1976; also FT, 25 March 1976). In an internal document which considered its strategy in the light of the budget, the Economic Committee was critical of the Government's targets for growth, unemployment and the pay limit. However, it did accept that if the rate of price increases was to be reduced to five per cent over the coming year, then the average pay increase would have to be roughly the same (TUC ECD, 14 April 1976). TUC leaders also bowed to intense Government pressure to expedite the negotiations and conclude an agreement in order to counter the run on sterling (FT, 24 April 1976).

The main internal TUC debate concerned the form of a new pay limit. A significant number of unions had advocated the need for a

percentage-based increase so as not to erode further wage differentials. Other unions complained of the encumbrances resulting from the non-consolidation of the six-pound limit (on these two points, see the discussion on the impact of the six-pound limit above; also see TUC ECD, 14 April 1976). Given the TUC's basic acceptance of an approximate five per cent limit on pay increases, the problem with a percentage approach to Phase Two was the very small increase that it would entail for the low-paid. The general union leaders were particularly adamant that this would be unacceptable to their members. Indeed, both Jones and Basnett remained staunch advocates of the flat-rate approach (Interview, 16 May 1980; FT, 1 April 1976). Thus, TUC leaders began to explore the possibility of a compromise. This would entail some combination of a percentage figure and a minimal and maximal flat-rate limit. They also endeavoured to retain the essential simplicity of the Phase One policy which they considered its greatest merit. However, it was agreed that in their negotiations with the Government they would not finalize the form of the guidelines until they could first settle on an overall pay figure, ensure that the tax concessions would be forthcoming and get further action from the Government on unemployment, prices, industrial investment, growth and selected import controls (TUC ECM, 14 April 1976). In other words, the TUC leadership was particularly concerned to demonstrate that they were making progress on what they considered the wider aspects of the Social Contract and that the Social Contract was not simply a form of wage control (TUC ECD, 14 April 1976). However, the items on which the TUC sought progress were precisely the economic package which the Chancellor had already rejected.

In the subsequent negotiations, the Chancellor simply refused to countenance the TUC's major economic requests. Hugh Scanlon candidly summarized the TUC's lack of progress in the negotiations when he addressed the June Special TUC:

we did not achieve what we wanted on any [point]. We managed to push up the wage level to what it is now, and we managed to get assurances that there would be no diminution of the tax concessions. We did something else - it might be small - which has gone unheralded: there will be no increases in the price of school meals . . . Outside of that, we did not achieve much (TUC, 1976: 29).

While the TUC representatives attempted to obtain specific commitments on the wider aspects of the Social Contract, the Government concentrated on the form and amount of the pay limit. Its apparent strategy of maintaining the link between the pay guidelines and possible tax concessions, probably to the detriment of extensive discussion of other items, was largely successful. The TUC representatives insisted on at least five per cent plus the tax concessions, while the Chancellor held to his three per cent figure and the negotiation of possible exceptions to rectify anomalies in pay structure.

The result of the negotiations was basically the TUC formula, a higher percentage figure (five per cent), with a flat cash underpinning (2.50 pounds minimum) and a cash maximum (4.00 pounds maximum) resulting in a Treasury estimated four and a half per cent average increase in earnings (IDS Report 233, May 1976; Phase Two, 1976). As in the case of Phase One, the limit would be applied as an individual non-consolidated supplement and there were to be no exceptions other than the introduction or improvement of occupational pension schemes within specified limits (TUC ECM, 5 May 1976). The

tax concessions as outlined in the Budget would be applied. The guidelines were exceptionally tightly specified in order to convince Treasury officials that the scope for earnings drift above the limits would be minimal (TUC ECM, 26 April 1976). Otherwise, the TUC made very little progress on the rest of its economic package. In a final marathon of late-night negotiations at Ten Downing Street and with the TUC Economic Committee and General Council scheduled to approve a deal the next morning, the TUC representatives continued to push for further concessions in return for their compliance with a Phase Two. The Chancellor agreed to accept a slightly higher pay figure and conceded a fifty million pound increase in public expenditure to be allocated according to the priorities of the TUC. However, he refused to give any other specific economic commitments in return for TUC compliance, notably on prices, import controls and employment. Against this refusal, the 'NEDC six' judged that they had obtained all the concessions that would be forthcoming and agreed to recommend the package to the Economic Committee. The significance of this TUC acquiescence will be discussed further in the next section.

Despite the impact of Phase One on living standards, differentials and wage relativities and the lack of substantive progress on its key economic priorities, renewal of TUC consent for Phase Two was in many respects less problematic than for Phase One. The consent of most affiliates for Phase One, belated or otherwise, meant that there were fewer internal restrictions on leadership consensus-building for Phase Two than was the case with Phase One. The Economic Committee accepted the package, albeit with some reluctance, and on the understanding that it would expect action from the Government on other economic items (TUC ECM, 5 May 1976). This

expectation was clearly specified in the report to the Special Congress (TUC, 1976) and re-emphasized in subsequent Liaison Committee discussions (see below). The policy guidelines were endorsed at a special General Council meeting on 5 May. The vote in favour of the policy was twenty-five to five with the opposing votes emanating from the ASTMS, TASS, ACTT, and Tobacco Workers' representatives and Reg Birch, one of the AUEW(E) representatives (FT, 6 May 1976). As compared with the General Council's very uneven endorsement of the six pound policy in July 1975, this represented fairly broad-based leadership support for the new policy.

This relative consensus at General Council level was quickly translated into individual affiliate support. The mobilization of consent within the sample unions will be treated more fully in Chapter 7. However, with the exception of ASTMS, one of the most vociferous opponents of the Social Contract incomes policies, the general secretaries of all the other sample unions secured the consent of their members for Phase Two though with varying degrees of difficulty. The GMWU executive approved the policy and showed little evidence of any resistance (GMWU ECM, 17 May, 1976; Interviews, various dates). More dissatisfaction was expressed at the union's annual conference, but the executive's recommendation was carried overwhelmingly (GMWU AC, 1976; MS, 10 June 1976). Despite Jack Jones's close personal association with the Social Contract, a significant body of opposition was evident in the TGWU executive. It voted by a margin of twenty-five to twelve to support the policy and a substantive motion was subsequently carried unanimously (TGWU ECM, 10 May 1976; Guardian, 11 May 1976). In a typically complex series

of manoeuvres over the appropriate forum in which to debate its position, the AUEW engineering section's National Committee voted by twenty-nine to twenty-two to support Phase Two (AUEW NCR, 1976; MS, 19 May 1976; Sunday Times, 23 May 1976). The margin of the FBU executive's decision was even narrower. In an unprecedented split between the General Secretary and the President, the executive voted eight to seven to recommend support of the Phase Two guidelines to its annual conference (Interviews, various dates). The union's annual conference subsequently endorsed the executive's recommendation (FBU AC, 1976). Similarly, when the Economic Committee of NUPE's reorganized executive considered the Phase Two guidelines on 8 May, it experienced some difficulty in reconciling its General Secretary's desire to support the policy with the general critique of Government economic policy that its research staff had developed over the previous year (see NUPE 1975a and 1976). A slightly schizophrenic compromise formula, subsequently adopted by the union's executive and put to the membership in a ballot vote, supported the pay policy guidelines but expressed 'serious concern at the continued failure of the TUC General Council to secure a fundamental change in the Government's economic strategy' and the failure of the Government to take positive action on prices, unemployment, the defence of public expenditure, selective import controls and investment (Interviews, various dates; NUPE IM, 25 May 1976). This executive statement was supported in a membership ballot by almost a three to one margin (73.7% to 26.3%; NUPE IM, 15 June 1976). In contrast to the other sample unions, the ASTMS executive recommended that the union's annual conference oppose the Phase Two policy which it overwhelmingly did do (ASTMS ECM, 7 May 1976; ASTMS

AC, 1976; FT, 10 May 1976). In keeping with the ASTMS tradition of opposition to incomes policy, there was only token resistance to the union's oppositional stance.

It was increasingly apparent, therefore, that beyond Phase Two the TUC was unlikely to agree to a further round of restraint. Indeed, immediately after the General Council had approved the Phase Two guidelines, the TUC General Secretary emphasized that the TUC was 'not committed in any way to further developments in incomes policy beyond July 1977' (The Times, 6 May 1976). The important expression of opposition within a number of key TUC affiliates such as the TGWU, AUEW and, even, GMWU did not bode well for a continuation of the policy after Phase Two. The relative policy discretion available to the general secretaries of these unions would be critical for the construction of any TUC leadership consensus around a new policy. Even though the Special Congress endorsed the guidelines by a mammoth seventeen to one margin (9,262,000 to 531,000 votes), the contributions to the debate clearly indicated the reluctance with which most unions were embarking on a further round of wage restraint (TUC, 1976). Thus, the internal dynamics of incomes policy increasingly impinged on external TUC policy-making.

If the Phase Two policy was to be successful, however, then the TUC still relied on the active support of its affiliates. The TUC leadership, therefore, attempted to defuse growing membership opposition to the Social Contract pay policies and reassert its understanding of the direction and meaning of the Social Contract as a relationship which involved much more than wage restraint. First, it clearly signalled its intention to return to free collective

bargaining at the end of the Phase Two policy. Even before the end of Phase One, key union leaders such as Jones and Basnett talked of the need to prepare for 'an orderly return to normal collective bargaining' (TGWUJ, July 1976; Guardian, 11 August 1976). At the 1976 Congress, in a very uncontentious debate where practically all of the main motions were passed, the main composite on pay and the Social Contract called on Congress to avoid a 'wages free-for-all' and prepare for 'a planned return to free collective bargaining' at the end of Phase Two (TUCR, 1976: 523). Secondly, through policy discussions in the Liaison Committee, the TUC leadership attempted to give a new impetus to the Social Contract as a wider understanding between the TUC and Government on economic and social priorities. The principal vehicle for this was a draft policy statement, The Next Three Years and The Problem of Priorities which it hoped would give the same impetus to the Social Contract as had the 1973 Liaison Committee statement, Economic Policy and the Cost of Living (LCR, 24 May 1976; LC, 1976). This exercise, in fact, originated in a joint TGWU-AUEW-GMWU appeal for greater unity between left and right and industrial and political wings of the Labour movement (see below; also Clark et al., 1980: 41). Instead, as the external pressures on Government economic policy mounted, it prompted further rifts between the left of the Labour Party on the NEC and Government Ministers with union leaders cast in the role of defending the Government (see, i.e., The Times, 27 July 1976).

Thus, on the clear understanding that it would be the final year of wage restraint, Phase Two appeared to enjoy overwhelming acquiescence, if not consent. However, both internal revolts over the impact of a further year of wage restraint and continuing

pressures on the pound continued to generate opposition to the pay policies and undermine the credibility of the Social Contract as anything more than a policy of wage restraint. The gradual collapse of the Social Contract incomes policies is the subject of Chapter 8. The next chapter will examine the mobilization of consent within the sample unions. First, however, the final section of this chapter analyzes further the basis of TUC consent to the Phase One and Two policies.

WAGE RESTRAINT, CONSENT AND ACQUIESCENCE

Phases One and Two were a period of extraordinary trade union compliance with a voluntary incomes policy. As was emphasized above, the highly tentative and fragile character of the initial leadership consensus around the six pound policy was soon generalized and translated into a period of formal consent or, at least, acquiescence to a policy of rigid wage restraint; this was renewed for a second year in a slightly modified form. The degree of compliance with the policies generally exceeded the two previous such experiments between the TUC and a Labour government: from 1948 to 1950 and from 1965 to 1967. This section briefly considers why the TUC agreed to participate in the 1975-1977 policies and the implications of its acceptance for an understanding of trade union approaches to the Social Contract. The first part addresses the question of TUC acceptance. The second part considers why the TUC did not push harder for trade-offs against its compliance with the policies and the implications of the TUC leadership's conversion to formal incomes policy for the Social Contract as a trade union political strategy.

The Basis of TUC Consent

Why did the TUC acquiesce in, indeed consent to, the Labour Government's much more formal incomes policy when it had previously so consistently rejected such an approach? Quite simply, in the context of crisis, there was a reflex among key union leaders to support the Labour Government. That impulse was strong enough, first, to construct a highly tentative consensus at General Council level; secondly to mobilize consent for the new policy approach among affiliated unions; and, finally, to renew consent for wage restraint for a further year. It is, therefore, important to consider briefly the nature of this leadership conversion, its significance in terms of the expression of trade union political strategies and how it was justified. This section looks at the rationale for TUC consent to the Social Contract incomes policies. In particular, it was argued in Chapter 3 that several distinct rationalities were interwoven in the political discourse of British trade union leaders. It was emphasized that these rationalities were generally fluid, more often pursued simultaneously than exclusively, as often in mutual contradiction as logically compatible. In examining the rationale of TUC consent to Phases One and Two, this section provides further scope for the analysis of competing rationalities in trade union political practice.

It is relatively difficult to distinguish with any precision between the 'real' reasons for TUC leadership consent to the Social Contract incomes policies and those advanced post facto in order to mobilize consent for the policies. Interview evidence in this study would seem to suggest that they are generally comparable. The most

prominent factors in any explanation must be the link with the Labour Party and the depth of the crisis that generated the initial momentum. Once the policy shift was made, then it was a question of legitimizing it.

Loyalty to the Party and, by extension, to the Government, what Tom Jackson of the UPW neatly termed 'loyalty to our Party in Government' (TUC, 1976: 45), was certainly critical to TUC support for Phases One and Two. As has been suggested in earlier chapters, the loyalty and allegiance of the unions in times of crisis forms a rich vein in the history of the British Labour Party. Variants of a social democratic rationality certainly appeared to be the predominant strain in the political strategies of most British trade unions. This was accentuated in the case of Labour governments when social democratic and representational rationalities became virtually indistinguishable. Even those trade unionists who espoused some form of transformative political rationality generally envisaged its realization through a more radical Labour Party. This, of course, was the operative assumption of the socialist conception of the Social Contract.

The political survival of the Government was certainly seen to be under threat during both the Phase One and Phase Two negotiations. The question of loyalty to the Government and the Party was emphasized repeatedly in the presentation of the Phase One and Two policies. Jones emphasized that the trade union movement could not afford the luxury of destroying a Labour Government: 'the lesson we have learnt [from the past] is that at all costs we have to keep a Labour Government in office when it is there' (TUCR, 1975: 461 and 477). Similarly, Scanlon noted that the six NEDC representatives for

the TUC remained convinced that the alternative to no agreement on a Phase Two policy was a catastrophic run on the pound and a General Election in which, given the gravity of the crisis, the Labour Government would likely have been defeated (TUC, 1976: 29-30).

Moreover, the Social Contract itself was predicated on the existence of a Labour Government. Whatever the debate between proponents of the social democratic and socialist conceptions of the Social Contract as outlined in previous chapters, for trade union leaders the Social Contract was in many ways simply a pragmatic means of ensuring a Labour government commitment to certain policy goals. In this sense, the Social Contract encompassed in variable proportions representational, social democratic, instrumental and transformative political rationalities: representational because it would ensure fairly constant access to Government ministers for the articulation of the 'trade union' view and because it implied actual trade union participation in economic decision-making; social democratic because it privileged the Labour Party and was predicated on the bipartite relationship between the TUC and the Party; instrumental because it was designed to secure the realization of certain key policy objectives as regards both the organizational security of trade unionism and the overall direction of economic policy; and transformative because it was hoped that its realization would somehow effect a permanent transformation of trade union - state relations (on these political rationalities or strategies, see Chapter 3). This was certainly how Jack Jones had initially presented the notion of a Social Contract to his own members and approximately how many other union leaders had also sold its merits

(see Chapters 2, 3 and 5). The continued emphasis on the accomplishments of the Social Contract in terms of the Government's legislative programme did not contradict this approach.

This pragmatic trade union approach was not incompatible with the social democratic conception of the Social Contract which was contingent on trade union support for the pursuit of its economic objectives and whose proponents, notably the PLP leaders, were apparently willing to accept Jones's approach in return for that trade union support. The greatest inconsistency was, of course, over the question of incomes policy itself which was the antithesis of union policy objectives. Neither was the trade union approach incompatible with the socialist conception of the Social Contract and its proponents' desire for a kind of transformative programme. Indeed, many trade unionists on the left specifically espoused the transformative character of the Social Contract. Certainly, the differential commitment of trade union leaders to the notion of a Social Contract and the rather fluid character of its objectives was as compatible, if not more so, with the socialist conception of the Social Contract as with the social democratic. Thus, these different conceptions of the Social Contract continued to coexist through the first year of the Labour Government. However, as the political and economic crisis deepened and the social democratic conception of the Social Contract was emphasized to the detriment of the socialist conception within the Government (see Chapter 5), the question of trade union leaders ensuring the implementation of certain policy goals increasingly took a minimal rather than a maximal form. Transformative rationalities were largely subjugated to more instrumental concerns. Quite pragmatically, avoiding a statutory

policy or a Conservative government, with its attendant biases, or both became a greater instrumental priority than any commitment to a transformative strategy. Short-term sacrifices were thus presented as a precondition for the achievement of longer-term policy objectives. The implications of this shift in emphasis for an understanding of trade union political and economic strategies will be explored further in the next section.

If the survival of the Social Contract was indistinguishable from the survival of the Government, and if the Government's political survival was not assured without trade union support for incomes policy, then a rejection of the incomes policy by the TUC also implied a rejection of both the Government and the Social Contract. On the other hand, acquiescence in or support for the Government's pay policy implied a continuing relationship with the Labour Government and possible further development of the Social Contract. Moreover, the Government would seemingly be beholden to the TUC for securing its political survival. Certainly, it appeared to be in the intrinsic organizational interest of the holders of trade union power to exchange present cooperation in wage restraint for future access to policy-making and even power - in both a personal and an organizational sense. This was integral to the kind of representational rationality that appeared to predominate in the thinking of British trade union leaders. Indeed, TUC leaders had perhaps come close to concluding exactly this kind of deal with the Heath Government in 1972, though the kind of guarantees that they sought to extract in that case were much greater than with a Labour government (see Chapter 3). No social democratic rationality was

operative in the negotiations with Heath to soften the TUC's negotiating position and undermine the capacity to say 'no'. Moreover, as regards the definition of membership interests in accepting a period of tight wage restraint from 1975 to 1977, only trade union leaders, from their position of organizational power, were realistically in a position to assess the temporal dimension of the trade-off between short-term sacrifice and longer-term gain (on the organizational dimensions of political exchange, see Pizzorno, 1978). Thus, in a complex blend of social democratic, representational and minimal instrumental strategies, the survival of the Government and the Social Contract became inextricably linked with the maintenance and advancement of trade union interests which, in turn, entailed deferring short-term gains in exchange for future possibilities, even if this entailed the mobilization of trade union consent for an incomes policy.

The depth of the crisis in 1975 and again during the TUC-Government negotiations in 1976 certainly precipitated TUC leadership readiness to consider, first, a change in policy and, then, its extension. The plans for a new policy had been laid through the late spring and early summer of 1975, before the occurrence of a sterling crisis. The sterling crisis, however, weakened outstanding resistance to a more formal pay policy, undermined TUC plans for a more elaborate series of trade-offs against compliance with a new pay limit, and generated an atmosphere that greatly facilitated the mobilization of consent. Basnett later suggested that 'economic problems determined the six pound policy and not the Social Contract' (Interview, 23 October 1979). Similarly, in explaining his own conversion to incomes policy, Scanlon told the trade union group of

Labour MPs that he 'had looked over the precipice ' and did not like what he saw (cited in Barnes and Reid, 1980: 206). Indeed, the seeming imminent collapse of the British economy appealed to trade unionists as citizens as well as Labour Party members concerned with the political survival of the Government. In a dramatic appeal to the NUM policy conference in July 1975, the Prime Minister called on Britain's miners to put the nation before self in the country's hour of crisis. Wilson could scarcely have better reflected Panitch's (1976: 1) portrayal of the Labour Party as 'a national party cast in the historical role of integrating the interests and demands of the working class with those of the British nation as a whole'. Wilson (1979: 118) suggested to the NUM conference that it was not so much a question of saving the Labour Government as whether any social democratic government, committed to consensus and consent, could govern. Thus, he asked the miners for 'a Year for Britain'. This theme was reflected in the discourse of the TUC leadership. Len Murray spoke of dragging 'Britain back from the edge' at the 1975 Congress (TUCR, 1975: 461). Jack Jones emphasized that the TUC's decision on support for the pay policy would be 'in the interests of the people of Britain', that the TUC spoke 'for the whole of the nation' (ibid.).

There were, of course, also more pragmatic concerns. Trade union leaders were, after all, 'practical men' accustomed to constant accommodation with employers and governments in their representative and intermediary roles on behalf of their members. The limits of these accommodations were determined by the membership's willingness to accept them. Such a willingness was the product of a union's

habitual industrial policy, its internal political practice and its external political practice (see Chapter 4). The practical question was: could incomes policy be sold? The answer certainly appeared to be affirmative. There was what Jones referred to as 'a basket of things to sell to our people' (Interview, 16 May 1980). This was primarily the legislative programme of the Social Contract, and it figured prominently in the TUC presentations of the Phase One and Two policies (TUC, 1975 and 1976). Much emphasis was, of course, also placed on the parts of the Social Contract programme that still were to be achieved, such as the industrial strategy (see, i.e., TUCR, 1975: 458). In this sense, support for Phases One and Two was not presented as a disjuncture, but rather a continuity between what had already been achieved and what was still to be accomplished in the developing relationship between the TUC and the Government. Indeed, the title of the TUC's 1975 document, The Development of the Social Contract, symbolized precisely this continuity (TUC, 1975). Similarly, while there were clearly many doubts about what the TUC representatives had failed to achieve in the negotiations on Phase Two, not least among the negotiators themselves, there appeared to be an inclination, in Scanlon's words, 'in view of what had been achieved by the Government . . . in view of everything else that it is proposing to do' to 'give the Government the benefit of the doubt' (TUC, 1976: 30).

The readiness of trade union members also to give the Government the benefit of the doubt seemed to be reflected in the opinion poll evidence of the period. Gallup Poll data from the period, summarized in Appendix C, indicates that support for the Government's prices and incomes policy remained very high throughout Phase One and

through the early months of Phase Two before declining dramatically through the remainder of Phase Two (see Figures C.1 and C.2). Indeed, support for the policies during this period remained consistently higher among trade unionists than non-trade unionists. Conversely, opposition to the policies was higher among non-trade unionists. This was possibly a testimony to the success of union leaders as well as the Government's own propaganda efforts in mobilizing consent for the policies. It also supported, however, the TUC leadership's contention that 'rank and file trade' union members looked 'to the TUC to give a lead' (TUC ECM, 3 July 1975). In contradistinction to the union activists who might oppose wage restraint, the TUC General Secretary reminded delegates to the 1975 TUC that they were there to protect the interests of their members as best they could in circumstances as they existed (TUCR, 1975: 459). It is also important, however, not to overemphasize the degree of membership support for the Phase One and Two incomes policies. It would otherwise be difficult to explain why the TUC did not eventually agree to a Phase Three limit. Although the level of compliance with the policies was high, the opinion poll evidence suggests that there remained a constant core of opposition to the policies hovering around fifteen per cent of respondents through Phase One and the early months of Phase Two and rising sharply to between thirty and forty per cent of respondents in the latter stages of Phase Two (see Figure C.2). Similarly, in his 1975-1976 survey of British manufacturing establishments, conducted during Phase One, Daniel (1976: 112-113) found that shop stewards at plant level did not endorse the notion of an incomes policy other than as 'an

emergency measure in special circumstances'. Indeed, just under thirty-two per cent of his union respondents rejected incomes policy 'even as a temporary expedient'. Certainly, there is ample evidence that TUC leaders were acutely aware throughout the period that it would be increasingly difficult to persuade their members of the merits of the pay policies. Thus, by the 1976 Congress, they were already committed to a return to free collective bargaining at the end of Phase Two.

This leads to a final consideration in relation to TUC support for the policies. What was the alternative? As was suggested above, key union leaders clearly saw no alternative to compliance with incomes policy if the Labour Government and the Social Contract were to survive. This was repeatedly emphasized in contributions to the debates on the policies in 1975 and 1976 (TUCR, 1975; TUC, 1976). Basnett noted quite simply: 'we do not believe that there is any alternative' (TUC, 1976: 40). Jones suggested to the 1975 Congress that the alternative was an increase in unemployment (TUCR, 1975: 460). This would undermine the sectional interests of affected groups of trade unionists on the labour market. However, he argued that it would also undermine the basis of trade unionism itself, namely, solidarity. Phases One and Two, at least, had the merits of being framed either entirely or in part by the trade union movement and relying on the principles of 'rough justice' and 'equivalence of sacrifice'. A statutory policy and a period of prolonged high unemployment, administered by either a Labour or a Conservative government would have neither of these merits. Thus, the TUC negotiators presented Phases One and Two as the best that they could do in difficult circumstances and within the constraint of ensuring

the survival of the Government and the Social Contract. It represented a profoundly pragmatic and expedient vision of their relations with the Government and the possibilities of economic development in a time of economic and political crisis. As will be detailed further below, it also sharply differentiated them from the proponents of the Social Contract as a transformative strategy on the left. The next section turns to the assessment of the TUC's approach to economic policy and its significance for an understanding of the Social Contract as a trade union political strategy.

The TUC and Economic Policy: The Ambiguities of the Social Contract

The distance between the TUC's Phase One and Two willingness to defend, at least in the short-term, a government economic policy involving a decline in real wages, increased unemployment and cuts in public expenditure and its pre-crisis commitment to a very different, if not antithetical set of economic policy prescriptions was most remarkable. Why did the TUC not attempt to push its alternative view of necessary economic policy during this period? The simple answer was that it did, but unsuccessfully. In the July 1975 negotiations with the Government, as was indicated above, TUC representatives did seek certain concessions on price control and measures to combat unemployment. Those efforts met with little success. In the context of a sterling crisis and with the political survival of the Labour Government seemingly at risk, the TUC appears basically to have accepted the Government's ordering of economic priorities. However grudgingly, senior TUC leaders largely espoused the view that inflation was the priority and that the rate of wage increases had to be reduced if the inflationary spiral was to be broken. Indeed, Len

Murray told the 1975 TUC that the Chancellor could not reflate the economy and create the jobs that needed to be created until the rate of inflation had come down (TUCR, 1975: 479). This position could be reconciled with the predominant trade union view, as outlined in Chapter 3, that inflationary wage bargaining was not the 'cause' of inflation since the rapid rise in British prices was attributed to the dual impact of a rapid increase in world commodity prices and the decline in the value of the pound. The TUC, therefore, simply sought to lend its support to a policy that would mitigate the effects of this temporary adjustment in order to secure the Government's political future. Thus, acceptance of wage restraint did not imply any sudden TUC leadership conversion to the social democrat's vision of incomes policy as a permanent and central part of government economic strategy. Moreover, in their regular discussions with the Government, particularly in the negotiations preceding Phase Two, TUC representatives repeatedly argued for action to reduce the rapidly rising level of unemployment. Again, in the context of severe pressures on the pound, the Government argued that, apart from its support for training and temporary employment schemes, it was impossible to make any major changes in the direction of its economic policy until economic circumstances improved.

For TUC leaders, the solution to this sustained economic crisis lay in that proverbial elixir of Labour Party programmes, economic growth. As was argued in Chapter 5, the search for economic growth was at the very heart of the Social Contract. Whether it was through reflation from increased consumer demand, greater public expenditure, increased investment, changes in technology and improved working

practices or some combination of all of these, the solution to increasing levels of unemployment in the context of international recession was basically unproblematic. The implications of growth in a capitalist economy, neither its basis in the form of an accelerated or intensified accumulation of capital or the problems that this might pose for existing configurations of wage labour and capital, were the object of closer scrutiny. As suggested by Fine and Harris (1976:14), 'if working class ideology continues to see unemployment in Keynesian terms (and separate from the reorganization of capital) its response is easily limited to the demand for a "workers' solution" in the form merely of an early reflation of the economy'. In this sense, although they were increasingly concerned to promote industrial investments and restructuring, the authors and adherents of the TUC economic Weltanschauung remained profoundly attached to a Keynesian orthodoxy. As will be detailed further below, there were, in fact, important variations and differentiations in the approach of different trade union leaders to economic policy. Generally speaking, however, they did not accept all of the assumptions of the social democratic conception of the Social Contract as outlined in Chapters 2 and 5, particularly as regards the inflationary consequences of wage bargaining. Nor were they particularly vehement advocates of many of the precepts of the socialist conception of the Social Contract. Rather, as argued above, their advocacy of the Social Contract increasingly appeared grounded in a profoundly pragmatic attachment to the political survival of the Labour Government and the opportunities that this represented in terms of the implementation of policies that were relatively sympathetic to the bargaining objectives of trade union organizations.

It is perhaps axiomatic that social democratic governments by some mixture of force of circumstances and force of conviction are prepared to manage the economy in a way that maintains the essential conditions for the private accumulation of capital in an international economic system. It was argued in Chapter 5 that the April 1975 budget testified to the veracity of such an axiom. The negotiations for Phases One and Two and the attendant economic policies proved further verification. TUC leaders were certainly aware of the consequences of these policies. The Chancellor refused to countenance any substantial economic trade-offs in return for trade union acquiescence on the six pound policy. He further rejected TUC arguments for a change in economic policy prior to and during the Phase Two negotiations. Cripps and Morrell (1979) have argued that 'when the TUC acquiesced in the six pound wages policy, they handed over most of their bargaining power and became powerless to prevent the framework of policies which made high unemployment inevitable'. They neglect, however, that the 'framework of policies' was already in place. Successive budgets had emphasized the predominance of the social democratic conception of the Social Contract within the Cabinet and the Government. Crucial silences and compromises on the part of TUC leaders had underlined the trade union vulnerability to changes in Government economic policy. Whether because of the nature of the trade union commitment, particularly its leaders, to the Labour Government and its electoral requirements, or because of tactical considerations on the strategic advantages of social democratic as opposed to other forms of government, or because of a genuine lack of conviction in the viability and or understanding

of TUC economic prescriptions, the TUC leadership was apparently ready to subjugate, at least temporarily, its economic policy prescriptions to those of the Government. Thus, social democratic and instrumental political rationalities were asserted over transformative rationalities. Oppositional strategies were confined to a small, but significant, minority on the left both within the General Council and within various unions. The weakness of the oppositional rationality during this period will be explored further in Chapter 7.

This readiness of the TUC to accept the Government's ordering of economic priorities and mobilize the consent of its membership for Phases One and Two sharply differentiated it from the position of the left within the Labour Party which emphasized the transformative character of the Social Contract. As the direction of Government policy shifted during the latter stages of the Social Contract Mark I, relations between the left in the PLP and the Party leadership were increasingly strained. The Tribune Group of MPs was the source of some of the most vociferous opposition to the Government's policies. When the White Paper, The Attack on Inflation (Phase One, 1975), was approved in the House of Commons by a vote of 262 to 54, most of the opposing votes came from the left of the Party (the Conservative opposition abstained; FT, 23 July 1975). Similarly, the defeat of the Government's White Paper on public expenditure in March 1976 was due to the abstention of a group of Tribune MPs. This forced the Government to reestablish its authority through a confidence motion for which the Tribune MPs returned to the fold to maintain the Government's precarious majority. On each occasion where it was attacked by the left within the Party, the Government

could point to trade union support for its policies. Addressing the dissidents within his own Party, Wilson emphasized that in voting against the six pound policy, they would be 'flying in the face of TUC decisions' (FT, 23 July 1975). Similarly, after the March 1976 vote on public expenditure, Jack Jones, Hugh Scanlon and David Basnett issued an exceptional joint appeal for Party unity (Scotsman, 16 March 1976). There were frequent bitter exchanges between key trade union leaders and the NEC representatives within the Liaison Committee, particularly between Ian Mikardo and Jack Jones (see, i.e., Castle, 1980: 471, on the July 1975 meeting). The distance between the left of the Labour Party and the leadership of the TUC was dramatized in an electrifying public confrontation between Jones and Mikardo at the annual Tribune rally during the 1975 the Labour Party Conference. As Mikardo proceeded in a pre-circulated speech to criticize the TUC leadership for getting too few concessions in return for their compliance with the six pound policy, an incensed Jones leapt from the audience to interrupt him in mid-stream (The Times, 2 October 1975; Castle, 1980: 511-512; Interview, 15 December 1980).

The irony of this turn of events for the left in the Labour Party was that the socialist conception of the Social Contract was itself predicated on the industrial and political strength of British trade unions, particularly the AUEW and TGWU as led by Jones and Scanlon (see Chapter 2). It was increasingly evident during this period, however, that as long as the Government could maintain the support of key union leaders, it could ignore the left within the Party. For example, with the support of the major unions, it secured

the support of the 1975 Party Conference on all the major economic policy items (see Minkin, 1978a: 348-349). This was also the case at the 1976 Party Conference except for a NUPE-sponsored resolution which was severely critical of the Government's public expenditure cuts (LPCR, 1976, : 161). Only as the support of the union leadership for the Government's macro-economic policy orientation waned through Phase Two, did the Party leadership also begin to suffer regular policy defeats at the Party Conference. It took much longer again for the left in the Party to convert the transformative possibilities of the former Social Contract, by then discredited in its usage, into a comparable approach loosely known as the 'Alternative Economic Strategy'.

The conversion of key 'left-wing' trade union leaders, notably Jones and Scanlon, and their ability to translate their conversion into union policy support were certainly crucial to the TUC's endorsement of Phases One and Two. The position taken by Jones and Scanlon was especially significant because they were the two union leaders most associated with the move to devolve bargaining power away from centralized national negotiations to the local level (see Chapter 4). As one critic on the executive of the engineering union and on the TUC General Council suggested, the policy never would have been acceptable if it had not been for Jones and Scanlon who carried with them 'the mantle of leftism'. If they had been 'right-wingers', he continued, the policy never would have been acceptable (Interview, 15 October 1980). Their conversion once again highlighted the ambiguities of the Social Contract as a trade union strategy for initiating political and economic change. There was certainly no conformity of views on whether the Social Contract was designed to

secure the election of a sympathetic social democratic government or whether it was, ultimately, intended to effect a transition to socialism. Was the Social Contract meant to be an extension, perhaps an intensification, of traditional bargaining and exchange relations between trade unions and the government, or was it to signify a dramatic shift in the mode of trade union input into government policy-making? And in dealing with Britain's recurrent economic crises, was the Social Contract to remedy problems of accumulation primarily in terms of distribution relations, or was it to seek a fundamental transformation in production relations?

These, of course, were the questions that differentiated the social democratic and socialist conceptions of the Social Contract. However, there had been minimal discussion of the Social Contract as a longer-term trade union strategy in trade union circles. There were, therefore, few strategic goals to inform any medium-term strategy or even short-term tactics. Thus, there was little possibility of assessing the significance of consent to either Phase One or Two in terms of the longer-term goals of the Social Contract arrangement other than as a pragmatic means of assuring the survival of the Government. Similarly, Minkin (1979: 230) has observed that key left-wing leaders at this time seemed to have 'no coherent strategy for relating their industrial militancy and their support for free collective bargaining to a transition to socialism in a period of deep economic crisis'. Thus, 'the pragmatism with which they viewed the relationship between political means and industrial ends was extended to wage restraint - the very issue that had most stimulated the militancy of their emergence'. Certainly, it

suggested no systematic theoretical or analytical approach to either the nature of the state or the possibilities and limits of a social democratic political strategy.

The TUC did not embrace the 1975-1977 voluntary pay policies with any great enthusiasm. TUC leaders, after all, had spent much of their previous three years of discussions with PLP representatives attempting to avoid a commitment to precisely such policies. They were acutely aware of the limits of their authority in this area. Moreover, like many in the Labour Party, they did not share the Treasury's view that deflation, public expenditure cuts and a wages policy were the solution to the country's economic problems. Indeed, the TUC had made considerable efforts to elaborate an alternative view of the economy. Its March 1975 Economic Review (TUCER, 1975) was seen to be a major step forward in articulating an alternative trade union strategy for dealing with Britain's economic problems. Its 1976 Economic Review (TUCER, 1976) further developed this analysis. Indeed, they laid the basis for the TUC's later espousal of what came to be known as an 'alternative economic strategy'. However, the Chancellor quite explicitly rejected the TUC's proposed economic package in his April 1975 budget. By early July, in response to the sterling crisis, the Chancellor maintained that with or without TUC consent there would be a much tighter incomes policy. This was also the case in the spring of 1976 and in the summer of 1977 (see Chapter 8). TUC leaders were, thus, faced with a choice. They could reject the Government's approach, continue to put the arguments for an alternative, and risk the political consequences including the possible destruction of the Social Contract and the defeat of the Government. Alternatively, they might recommend that

the TUC acquiesce before or, indeed, cooperate with the Government's change in policy and possibly attempt to sway the Chancellor in the direction of its economic priorities at a future date. That the TUC was not prepared to reject the Government's approach and incur the political consequences made the weakness of its negotiating position readily apparent. The absence of any detailed political strategy for dealing with the Chancellor's rejection of their economic proposals, even if some individual unions might have advanced their own particular strategies, further accentuated the vulnerability of the TUC before the Government's apparent determination to pursue its economic policies. This vulnerability was apparent in both the Phase One and Phase Two negotiations.

There was, moreover, a gap between the TUC's official economic policy prescriptions and the preparedness and ability of its most senior representatives to argue the case. In the negotiation of potential quid pro quos, the strength of the TUC case was certainly undermined by the readily apparent differences of approach among its senior negotiators. As was suggested in the discussion in Chapter 3, the commitment of various union leaders to an alternative economic policy was sharply differentiated. Differences in approach to inflation, planning and the improvement of national economic performance were based in the sometimes contradictory positions and policies of individual trade union constituencies as well as the personal variations between individual union leaders. The readiness of particular TUC representatives to embrace a common TUC approach was a product of that complex blend of trade union bargaining policies and internal and external political practice as explored in

Chapters 4 and 5. While it was possible to maintain a broad veneer of unity, attempts to prioritize items for negotiations in terms other than 'more' naturally revealed the not so latent differences of opinion as regards detailed economic policy. This was particularly the case in pay policy negotiations where the prioritization of items to be involved in a potential 'trade-off' was an extremely delicate matter. Senior TUC officials attempted to forge the basis of a consensus. This often involved educating key figures, senior union leaders, who had neither the time nor the resources to stay broadly conversant with the implications of one policy choice as opposed to another. One Economic Committee member confessed that, in general, trade union leaders were 'not great economic wizards'. The only economists, he said, were the senior TUC staff (Interview, 8 August 1980).

Among both NEDC and Economic Committee representatives within the TUC, there were divisions over such important policy items as the desirability of a price freeze, the merits of import controls, and the role of public expenditure in relation to the rest of the economy, not to mention incomes policy, state intervention in collective bargaining, and a preparedness to link wage bargaining with national economic performance. In the July 1975 negotiations, for instance, Lord Allen of USDAW opposed price controls because they might be detrimental to his members in the retail sector, while Jones and others argued the absolute necessity of a strict control of price increases. Similarly, public sector union leaders strenuously argued the case for public expenditure. On the other hand, some private sector union leaders, particularly Scanlon, were prepared to countenance reductions in public expenditure if these could be

diverted into private sector investment. In fact, as is indicated in Table B.2 (Appendix B), levels of company investment were especially low during this period - a veritable 'investment strike' argued some. The Chancellor did maintain that money diverted from public expenditure would create greater scope for private sector activity. According to one leading participant, the battle within the TUC Economic Committee over the value of public expenditure continued thereafter with the proponents of public expenditure gaining complete ascendancy only several years later (Interview, 29 July 1980). In the interim, however, the Chancellor was able to exploit the apparent divisions among TUC representatives. This was also the case with the particular form of the Phase One and Two guidelines where the differences between the general unions and the craft and white-collar unions concerned with the protection of differentials were especially prevalent. A lack of agreement over or understanding of the industrial strategy also seemed to contribute to its relative dilution. As Forester (1978) observed, 'either because they were intimidated by the crisis atmosphere, felt that somehow it was an internal party or government row, had other pressing priorities, or genuinely regarded the policy as a less immediate, "longer term structural" matter, [the TUC leadership] did not make its abandonment a central issue in their negotiations with the Government'.

These differences over economic policy only contributed further to a distinct lack of 'political punch' on the part of the TUC negotiators. As was argued above, this was in part due to the lack of a longer-term political strategy as regards the Social Contract. It was compounded by the personal positions of the most senior

representatives. During the Phase One negotiations, Hugh Scanlon, whose union was specifically and categorically opposed to the implementation of a pay policy, could scarcely play a prominent role in the negotiation of trade-offs for such a policy. By the time of the Phase Two negotiations, he was increasingly isolated from his supporters in the left faction of the AUEW and almost totally reliant on the moderate faction for support of the policy. The other key figure, Jack Jones, appeared intent on getting an agreement on both Phases One and Two at almost any price. For Jones, and he was quite explicit on this, the only matter of principle seemed to be support for the Labour Government. As he later acknowledged, 'we were not prepared to do anything which might threaten the Labour Government. We were almost more concerned to keep the Labour Government in power than was the Labour Government itself' (Jones, 1981: 121). As was argued in Chapter 5, the leader of the GMWU, David Basnett, was torn between the new direction in which he had personally pushed his union's economic policy prescriptions, which were in sharp contradiction with the Government's approach, and the language and practice of loyalism to the Labour Party.

In the early stages of the Social Contract, the dominant trade union voices in the Liaison Committee were the leaders of the fight against the Industrial Relations Act, Jones and Scanlon. Indeed, it was the aura of the 'terrible twins', their industrial militancy and their readiness to challenge governments on issues such as In Place of Strife that senior Labour Party politicians feared. Jones and Scanlon could rely on the support of Basnett who sought to bring the GMWU profile into the mainstream of TUC opinion (see Chapters 4 and 5). Moreover, the left within the Labour Party specifically relied

on the political strength of the new union leadership epitomized by Jones and Scanlon to advance the socialist conception of the Social Contract within the policy-making bodies of the Party (see Chapters 2 and 3). The constellation of factors which combined to advance a more radical conception of the Social Contract, however, shifted through the 1975-1976 period. The left within the Liaison Committee and the Cabinet became increasingly isolated from both the Cabinet majority and the TUC leadership. With Scanlon's margin of manoeuvre sharply circumscribed by his union's internal political practice and Jones neutralized through his total commitment to the survival of the Government, there was little 'political punch' left on the trade union side.

CONCLUSION

This chapter has traced in some depth the process by which the TUC consented to two years of tight wage restraint between 1975 and 1977. The first part charted the development and formulation of a dramatic change in policy - the six pound wage guideline. The second part looked at the industrial impact of the new policy, its implications for the elaboration of further policies and the renewal of consent for a second year of wage restraint. Finally, the third part focused on the basis of TUC consent for the Phase One and Two policies. In particular, it highlighted the relatively fluid character of the Social Contract as a trade union political strategy and how this contributed to a distinct lack of 'political punch' in the TUC's negotiations with the Labour Government.

'Political punch' or the lack thereof was, of course, an

ephemeral phenomenon. TUC leaders could only make compromises and concessions to the extent that their respective memberships would accept them. They could acquiesce to the extent that their members would not mobilize against them. The willingness of senior TUC leaders to agree to Phases One and Two was entirely contingent on their ability to mobilize and secure consent for the policies. They did this with particular effect in Phase One, and that paved the way for continued agreement to Phase Two. This downwards mediation in favour of voluntary wage restraint is the subject of the next chapter.

The limits of trade union leaders' ability to secure consent in many ways determined the limits of the policy itself. However, the disjuncture between union bargaining practice and policy and internal political practice was particularly significant for the determination of these limits. Consent for incomes policy was in most of the sample unions secured in the policy-making channels of the union, but its effects were experienced in the realm of industrial practice. As the enthusiasm of senior TUC leaders for the Government's economic orientations waned, the industrial effects of wage restraint were also working their way into the policy process of the sample unions. Thus, the internal processes of opposition were already well engaged and they crystallized around the industrial effects of Phase Two. This mobilization of opposition is the subject of Chapter 8.

CHAPTER 7

THE MOBILIZATION OF CONSENT

The previous chapter charted the development of TUC-Government relations over the 1975-1977 period and, in particular, analyzed TUC consent for and acquiescence in the development and implementation of the Phase One and Two wage restraint policies. This chapter focuses on the organization and mobilization of consent for these two policies within the sample unions in this study. It therefore concerns the relative discretion available to the trade union leaders to organize and mobilize consent within their organizations to particular TUC policies; their relative dispositions to do so; the limits placed on leadership discretion in this process by the structure and culture of their organizations; and, finally, some of the differences between the sample unions in this process.

Several clarifications should be made about the interest and meaning of the term 'consent' as employed in this study. First, trade union policy agreement or 'consent' to wage restraint was clearly an exceptional state, whatever the particular proclivities in bargaining policy of the sample unions. As such, this consent had to be organized and mobilized. In turn, this process engendered reaction and counter-reaction. The process of organizing and mobilizing consent within the sample unions, therefore, merits closer

scrutiny.

Secondly, the term 'consent' is highly elastic in meaning and often ambiguous if not invested with greater precision. Burawoy (1979), for instance, focuses on the manufacturing of consent in the work process. He envisages it as a veritable cooperation by workers in the extraction of surplus value and legitimation thereof - not through force but through formal and informal participation in the production of the rules which govern workers' adaptation to the labour process. In contrast, Przeworski (1980a & b) looks at the material bases of consent whereby the subordinate and particularistic interests of labour are coordinated with the universal interests of capital through the production of surplus which serves as the basis for future shared gains (see also Offe and Wiesenenthal, 1980). Similarly, other political and sociological theorists have linked consent to notions of consensus: systems of shared values from which consent or legitimation emerges, particularly as regards social or societal systems. The differential distribution of power within such systems is a source of continuing debate among theorists. The mobilization of consent in this study refers to neither abstract nor societal notions of consent and consensus. That is not to deny the importance of an understanding of relative subordination, the distribution of power, and its legitimation for an appreciation of the internal and external dynamics of trade unionism. However, the mobilization of consent in this chapter simply refers to the concrete and specific organization of union policy agreement to the TUC definitions of Phases One and Two. Thus, it is counter-posed to disagreement with or 'opposition' to the TUC support of Phases One

and Two.

Finally, 'consent', as employed in this chapter, should be differentiated from the term 'compliance'. 'Compliance' with the wage guidelines was generally either the ultimate purpose or the by-product of the mobilization and organization of consent. Neither consent nor opposition, however, were necessarily accurate predictors of relative compliance. Consent in the aggregate, at the level of TUC policy formulation, was presumably a necessary precondition for the operation of the voluntary policies. Detailed compliance was a more complex phenomenon where the union as an intermediary or secondary organization (see below) played a critical but not an exclusive role. Employers and the state, for instance, not to mention the national media, played an equally important role in the implementation of the policies and the achievement of relative compliance. Those who lent their consent to the pay policies in the policy-making process of their individual unions generally also complied with them, though there were important and, sometimes, quite ironic exceptions.¹ Those who opposed the policies in the union's internal political process, however, did not necessarily challenge them in industrial practice - even when they commanded a majority at key decisional levels within their own unions. The evidence on the correlation between policy and industrial responses to the Phase One and Two policies is in fact highly differentiated by union and will be the subject of further scrutiny below. Certainly, the relatively successful implementation of the policies seemed to indicate that those who opposed union support for the policies generally complied with them. However, their expression of opposition ultimately served as a focus around which opposition was further mobilized. Generally

speaking, the political activists who first opposed the policies in 1975 still opposed Phase Two in 1976 and a possible Phase Three in 1977. As they attracted an increasing constituency for their advocacy of opposition, however, the organization of 'consent' became increasingly problematic for those trade union leaders who sought to cultivate such an internal union policy response. The differential withdrawal of policy consent in 1977-1978 made, as will be explored in Chapter 8, the achievement of compliance, voluntary or otherwise, increasingly difficult.

The focus in this chapter, therefore, is on formal and informal trade union policy-making and its implementation. It can be argued that this embraces important aspects of the complexity of union organizational behaviour because such policy agreement or opposition was organized in, mediated by, and expressed through individual union structures, in relation to particular organizational cultures and within given distributions of power. As such, even the mobilization of formal policy consent or opposition necessarily highlighted the complex range of relationships characteristic of particular union organizations. That formal policy positions then had to be translated into specific industrial practices further necessitates an exploration of the internal dynamics of voluntary incomes policies. In this sense, the emphasis in both this chapter and Chapter 8 is on the social processes whereby both consent and opposition to the Social Contract incomes policies were either generated or thwarted (on the need to look at consent as a social process, see Gouldner, 1954: 233). Such processes highlight the hierarchical and highly differentiated distribution of power within union organizations - an

understanding of which requires a multi-dimensional view of power (see Lukes, 1974).

It has previously been argued that these social processes constitute the internal dynamics of voluntary incomes policies - an appreciation of which is essential for an understanding of the external dynamics of such policies in terms of their negotiation by governments and the TUC. A central tenet of this approach is that, in the case of voluntary incomes policies and the sample unions, the social processes of consent and opposition were mediated primarily through union organizations and, hence, the importance of focusing on the dynamics of their internal political practices. That is not to deny the importance of other forms of mediation in the ultimate acceptance and implementation of a state policy of wage restraint. These might include other economic mediations through the labour market and the actions of employers, legal mediations through the force of law, or political and ideological mediations through national or local political processes and the media. Nor should the importance of social processes outside of formal and informal union organizations in the mobilization of opposition to pay policy be denied. This research design is not well suited to assess such processes. It attempts to chart them inasmuch as they affect the internal political processes of the sample unions. This chapter focuses on the mobilization of consent as mediated by the sample union organizations and, therefore, focuses on the different levels at and channels in which this process occurred. It does so because, as will be explored further in Chapter 8, it was the mobilization of opposition to the policies through the sample union organizations, no doubt in part the reflection of other forms of mediation, that

inhibited the further development of TUC cooperation in such voluntary incomes policies.

The initial mobilization of both consent and opposition within the sample unions to Phases One and Two appears to conform to a predominant common pattern of downwards mediation within the hierarchical structures of the unions. However, union organizations can best be characterized by their 'two-way system of control' - both downwards and upwards (see Hyman, 1975: 73). Within both the consenting and dissenting unions, there was equally an upwards process of mediation whereby industrial and political pressures were articulated and exerted at various levels within the unions. Thus, as was argued in Chapter 4, the specific internal political processes of the sample unions as well as their particular industrial and political traditions were central to both the expression of consent or opposition to the policies and their translation into actual industrial practice. It is at this point that the internal dynamics of incomes policies impinged on the external dynamics and vice versa. This interaction constitutes the central thrust of this study.

The Phase One and Two policies were initiated at the level of the TUC General Council or, more typically, within its subcommittees or, indeed, among key union leaders and TUC staff within those subcommittees. The policies were generally responses to specific Government requests. They were largely developed in the context of high-level negotiations between a limited number of TUC leaders and staff and a handful of Cabinet Ministers and their chief civil servants. In Chapters 5 and 6, it was indicated how TUC leaders sought to establish and legitimize the direction of their

negotiations with the Government through regular interaction with both the Economic Committee and the General Council. It was also illustrated how the TUC leadership attempted to forge a rough consensus at the level of the entire General Council around the results of their negotiations with the Government. The critical aim in these negotiations was to generate a sufficient degree of leadership consensus around the policies so that it might be translated into actual affiliate industrial practice. This, of course, was largely contingent on the readiness of General Council members and, indeed, other union leaders to mobilize consent for the policies within their particular unions and then translate that policy consent into actual implementation of the guidelines. In this sense, 'consent' to the policies had to be mobilized and organized. It was neither spontaneous nor automatic.

This was the essential link in voluntary incomes policies - what has so frequently highlighted the ascendancy of centrifugal forces within the TUC and the fragile character of policies of voluntary wage restraint agreed at a national level. Paradoxically, it was precisely the enduring and problematic character of decentralized British trade union practice that made even the TUC's limited central powers an attractive vehicle for governments and other external agents to attempt to influence the direction and character of trade union industrial practice. As was suggested in Chapter 1, there were, of course, other mechanisms whereby governments could attempt to influence patterns of industrial behaviour in general and the rate of wage settlements in particular. Indeed, the Labour Government was from at least 1975 pursuing some of these simultaneously (see Chapters 5 and 6). The Chancellor had been quite explicit that as

long as the rate of wage settlements remained high, so too would the level of unemployment. Yet, a policy of voluntary wage moderation administered by union leaders, if it could be effective, had been identified as the preferred political option by the Labour Party leadership, not least because of the apparent deficiencies of other options. Certainly, it appeared easier to pursue a policy of wage restraint with TUC support than without it. In the context of growing crisis and in order to secure the political survival of the Labour Government and their Social Contract political strategy, TUC leaders had acceded to the Government's pleas to implement a policy of temporary wage restraint. They, therefore, attempted to forge a very rough consensus around the specific details of the policies, and then sought to garner as much practical support for the policies as possible within their own affiliates. Chapter 6 illustrated this process in the case of both Phases One and Two. This chapter is concerned with how this mobilization of consent functioned within the sample unions.

In order to investigate this mobilization of consent, the chapter is organized in the following manner. The first section attempts to establish the importance of the internal political process of a union organization for an understanding of the mobilization of consent. It then identifies the key decisional instances in the internal political processes of the sample unions in which consent or opposition was formally secured. Once identified, then the following sections will assess in greater detail some of the variations between the unions. The second section considers the general pattern of response and focuses on the mobilization of

consent at the level of union executives. The third section turns to the forum of union policy conferences, with particular emphasis on the crucial 1975 Biennial Delegate Conference of the TGWU. Finally, the fourth section briefly considers how formal consent or opposition was translated into industrial practice. This highlights a crucial division of labour within most of the sample unions between policy-making, on the one hand, and industrial practice, on the other.

This chapter focuses on the mobilization of consent to the detriment of a clearer understanding of the mobilization of opposition to the policies. It is intended that this deficiency will be remedied in Chapter 8 where the central focus is on the genesis and mobilization of opposition to further rounds of wage restraint within the sample unions. Consent and opposition are, of course, inextricably interrelated. Consent for voluntary incomes policies was in most cases secured formally in policy-making channels of union decision-making. However, the actual policies were largely implemented and experienced in industrial channels of union decision-making and consultation. Thus, consent for the policies was not only a prior step to their industrial implementation, but it was secured, at least initially, through a different political process. The highly differentiated interconnections between these two main channels of union decision-making assumed increasing importance in attempts to secure renewal of consent for wage restraint policies. By the same token, they exercised an important influence on the coalescence and mobilization of opposition to union consent to wage restraint. In this sense, the mobilization of consent, as treated in this chapter, highlights the hierarchical distribution of power and authority within the sample unions and the degree to which it

facilitated downwards mediation. The mobilization of opposition, on the other hand, focuses on the limits of leadership policy discretion as determined by an upwards mediation within the sample unions. Chapters 7 and 8, therefore, attempt to explore the nature of the interconnections between union industrial practice and policy-making as mediated by organizational structure and also between consent and opposition in union organizations. The contention is that an understanding of these internal dynamics of incomes policies is essential for any understanding of their external dynamics.

THE INTERNAL POLICY PROCESS

Consent to voluntary incomes policy in individual unions was mediated through a union's particular organizational structure. This section explores the nature of that organizational structure and its implications for the internal political practice of trade unions. It then seeks to identify the key organizational levels at which both consent and opposition for voluntary pay policies had to be organized and mobilized. First, two basic theoretical points about the nature of union organizations should be noted: they are 'intermediary' or 'secondary' in character and they are simultaneously collective and democratic.

First, unions operate as intermediary or secondary organizations (see Muller-Jentsch, 1981; Offe and Wiesenthal, 1980). Unions organize employees as individuals and in groups. The primary relationship for these employees, as employees, is generally directly with the employer through the contract of employment and in a given technological, organizational and market structure. The union is an

intermediary or secondary organization in this primary relationship. Moreover, the organizational morphology of trade unions is the story of how they have aggregated particular patterns of mediations over time. Thus, Turner (1962: 14) aptly described British unions as 'historical deposits and repositories of history'. They maintain varying, often competing and overlapping, levels of occupational and organizational aggregation - the legacies of past organizational strategies and trajectories, of built-in sectionalism and of varying resolutions of conflicts between centralization and local autonomy. Since unions have come to be aggregated at national level and often organize in a wide variety of industries in relation to a multitude of employers, so too have union organizations come to be multi-tiered and often multi-faceted.

Secondly, unions are democratic, collective organizations. As collective organizations, it is held that the power of the whole is greater than the sum of the parts; that the power of the whole arises from a relative capacity to coordinate the labour power of the individuals within the organization. This highlights the need to exercise a degree of solidarity and discipline in order to maintain an effective organization; hence, the sustaining principles of trade unionism such as unity and solidarity. The effective coordination of the individual members of union organization might be achieved, in part, through the creation of collective identities and, in part, through the effects of coercion and compulsion - thus, a contingent balance between force and consent (on the mutual conditioning of force and consent, see Anderson, 1977). Certainly, union leaders at various levels seek to command the adherence and loyalty of their members and mobilize bias in favour of the union organization. This

function assumes a particular importance because, as was suggested above, union organizations are by their nature secondary or intermediary in character. They have neither an automatic nor an exclusive claim to the loyalty of the employee as union member. Individuals can certainly maintain loyalties to both employer and union (see, i.e., Rose, 1952: 189). Indeed, it will be argued further below that individual union members, and individuals in general, can maintain a multiplicity of loyalties or identities even though they might seem to be in conflict. The constant task for the union leader and activist is how to privilege particular trade union identities over other identities in a given context. Union solidarity might, of course, be achieved by mechanisms other than 'ideological' appeals. Coercion or compulsion through both disciplinary powers and social customs is an equally important dimension in the maintenance of effective union organization (see, i.e., Olson, 1971). As succinctly argued by Hyman (1975: 65), 'it is only through the power over its members which is vested in the trade union that it is able to exert power for them'. However, unions are also democratic, voluntary organizations in which the members nominally exercise some degree of control over the direction and methods of collective solidarity. This entails, in varying degrees, limits on the possibilities of coercive solidarity and places a premium on the definition and articulation of collective identities.

The pursuit of unity and solidarity in a union organization cannot permanently be pursued as an end in itself. It must be organized around specific policies, goals and bargains which do not emerge spontaneously. They must be defined and redefined, organized

and aggregated in some way if the union is to mediate with external agents. Thus, in the case of voluntary incomes policies, the solidarity of union members must be organized and aggregated around consent to such policies if the union is to mediate effectively with the Government on this basis. This dynamic reflects the Webb's (1911: 58) characterization of the constitutional development of trade union democracy as the struggle 'to solve the problem of how to combine administrative efficiency with popular control'. Similarly, Child et al. (1973) refer to the conflict between 'administrative' and 'representative' rationalities in union organizations and how the two rationalities lead in quite different directions as regards the distribution of power and authority in union hierarchies. This, in essence, is a potential contradiction in any democratic, collective organization.

The Webb's argued that this contradiction was gradually resolved through the creation of representative institutions (1911: 38). However, the role of participation and popular control in these representative institutions of trade union government has often appeared more problematic. Michels (1915) identified what he termed an 'iron law of oligarchy' operating in trade union voluntary organizations whereby full-time officials appeared to secure a monopoly of power in the ostensibly democratic, representative institutions of the organization. While acknowledging the apparent concentration of power at the leadership level of most trade union organizations, other authors have argued that Michels overstated the case. They point to the existence of a variety of 'compulsive', democratic counter-tendencies to any inexorable oligarchic propensity within trade union organizations (see, i.e., Coleman, 1956; Clegg,

1976; Hemingway, 1978; and Hyman, 1971 and 1975). These counter-tendencies appear to centre on the possibilities of upwards and lateral mediations within the trade union organization - decentralization, factionalism, formal and informal workplace autonomy, normative pressures towards democratic practice, the differentiation of levels within the organization and the existence of almost continuous intra-organizational bargaining over internal conflicts. Certainly, they highlight the existence of a complex internal political process in which union leaders must constantly seek to define, direct and aggregate the interests of their members in order to represent them. This process involves both upwards and downwards mediations and because of the historical development of union organizations, tends to be highly differentiated by level and by union. Thus, in seeking to identify the concrete organization of consent for incomes policies within the sample unions, it is necessary to locate the key levels in the internal political process of the union. That unions are intermediary organizations and they are collective, democratic organizations both highlighted the need for a sensitivity to the processes of control, both upwards and downwards, in the complex internal organization of trade unions. This section, therefore, addresses these different levels of possible consent in the policy process. The following sections of this chapter will then explore them in greater detail in the case of the sample unions.

During the Phase One and Two policy periods, all of the sample union leaders were members of the TUC General Council and, therefore, party to its agreements with the Government on wage guidelines. As

was indicated in Chapter 6, not all of them initially supported the policies at General Council level, though all but Clive Jenkins of ASTMS eventually rallied behind the majority and acquiesced in, if not actively secured consent for, the policies (see Table 1.4). Indeed, even the ASTMS General Secretary appeared to moderate the vehemence of his opposition in the face of such an overwhelming TUC policy consensus on Phase Two. Thus, the focus for a first level of consent must certainly be the individual union general secretary. Although some of the variations between general secretaries inevitably arise from purely personal predilection, as was argued in Chapter 5, the scope for the exercise of personal discretion was itself the result of a union's internal political process. TUC General Council members during this period were elected by the Congress as a whole and nominally accountable to that body. In fact, they were more directly accountable to their own union, though this potential ambiguity in the accountability of General Council members occasionally served to enhance their discretion. However, in terms of the formulation and articulation of TUC policies, the relationship between TUC General Council member and his or her own union was ultimately the primary direct link between central trade union body and its affiliates. Although there were various other points of contact between individual unions and the TUC, particularly through union delegations to the annual Congress, the most regular and effective point of contact was undoubtedly through the individual general secretary or other General Council members. In this sense, the general secretary or functional equivalent assumed a key intermediary role between the internal and external dynamics of a union - what might be compared to Gavanta's (1980: 259)

characterization of the multiple roles of local elites as 'brokers of political resources . . . , as mediators of values and policies, and as "gatekeepers" of information between the "outside" and "inside" worlds'.² However, the nature of representative democracy within individual union organizations is subject to complex internal processes between different hierarchical levels, between different sectional and professional interests, and between different functional channels, primarily the functional division of labour between union policy-making and industrial practice. This complexity characterizes the interaction between union general secretary and various levels of decision-making in the internal political process of trade unions.

Thus, to study the formal mobilization of consent for a particular policy within a TUC affiliate is to grapple with the complex interactions between these different structural, hierarchical, sectional and functional divisions. The mobilization of consent for the Phase One and Two policies provides considerable scope for the investigation of these interactions. Moreover, it would appear from the case of the only sample union that remained opposed to both of these policies, ASTMS, that the mobilization of opposition focused on the same relationships and interactions and followed similar processes of downwards mediation. Ironically, consent for the policies in that union, limited as it was, followed a similar pattern to the initial expression of opposition in the other unions where the mobilization of consent was the predominant internal process. The degree of both opposition and consent varied considerably between the sample unions. Both this chapter and

Chapter 8 identify some of these variations and advance possible explanations for them.

A brief survey of the sample unions during this period reveals a number of key decisional levels. First and foremost, the union executive committee appeared to provide the primary direct link between individual union policy-making and TUC General Council policy formulation in all of the unions. When a general secretary sought the consent of his union to Phases One and Two, it was, first, to the executive that he turned. The union executive might act as an interpreter of existing union policy. It might simply endorse post facto leadership actions. It might also serve as a vehicle through which the general secretary could launch policy initiatives or make recommendations to policy conferences, thereby generally securing the effective agreement of the union conference.

A second important level was the union policy conference. According to the rule books of all of the sample unions, union executive committees did not exercise a formal policy-making role. Rather, they administered, implemented and interpreted existing policies determined by union conferences. Thus, such conferences were a critical forum for the mobilization of consent.

Thirdly, there were a number of lower-level decisional bodies in many of the sample unions varying by industry and region: national trade group committees; industrial conferences; and regional, divisional or district committees and conferences. However, such industrial and regional bodies generally played a clearly subordinate policy-making role to that of a union conference or executive. Indeed, they were often represented either directly or indirectly on union executives or at union conferences. The nature of such

representation and the kind of links between these and subordinate policy and administrative bodies and union conferences and executives varied considerably between unions. These variations are significant in the relative mobilization of consent and opposition, particularly because, although generally subordinate in policy terms, they frequently enjoyed considerable autonomy in industrial and administrative matters. Consent to an incomes policy necessarily impinged on these normal functional divisions in the internal political processes of the sample unions because policy-level consent for wage guidelines limited the customary autonomy of lower-level decision-making bodies. As will be argued further in Chapter 8, this was particularly significant for the mobilization of opposition. Indeed, the mobilization of opposition was largely organized and aggregated around those lower-level bodies and then articulated at policy conferences and within executives. Thus, the articulations between executives and policy conferences, on the one hand, and lower-level geographical or industrial bodies, on the other, will assume a particular importance for the mobilization of opposition.

Fourthly, albeit relatively infrequently, some trade union leaderships sought the consent of their members to Phases One and Two through a membership ballot. As has tended to be the case in the more frequent use of ballots for strike votes or the ratification of proposed collective agreements, methods of voting varied widely (on the wide variety of balloting in trade unions, see Undy and Martin, 1984). Among the sample unions, only NUPE conducted a ballot of the membership on incomes policy. According to senior officials of the union, this was a somewhat chaotic, but successful, first attempt to

use the union's then new structures of consultation in a year when there was no union conference to determine policy. However, as will be explored further below and in common with some of the other unions which sought to mobilize consent through a membership ballot, the real battle took place within the executive over whether or not to recommend membership acceptance for the policy. The compromise on this issue was to recommend acceptance of the Phase Two guidelines, but on the clear understanding that this did not entail any endorsement of the rest of the Government's economic strategy (see Chapter 6). Once acceptance was recommended, it was largely assumed that the result of the branch ballot would be affirmative and this was, in fact, the case (Interviews, 15 August, 14 October and 14 November 1980). Outside of the sample unions in this study, the NUM conducted individual pithead ballots on both Phases One and Two.

Finally, formal policy consent was hardly synonymous with its actual implementation. As was suggested above, the interconnections between policy-making and industrial practice were highly differentiated by union. However, the particular configuration of interactions provides a further focus for the analysis of the mobilization of consent. Thus, the following three sections will highlight, in turn, the mobilization of consent for the Phase One and Two policies in the sample union executives, policy conferences and industrial practice.

SECURING THE CONSENT OF UNION EXECUTIVES

For most TUC General Council members, individual union executives were generally the primary point of contact between the formulation of TUC policies, on the one hand, and affiliate policy-

making and industrial practice, on the other. Moreover, they tended to be an accurate barometer of the prevailing character of relations between the trade union leader as assisted by other permanent head office staff and lay activists. The character of these relations was certainly critical in the initiation, formulation and implementation of union policy and, thus, also influenced the direction of TUC policy-making. The limits of consensus-building within the TUC General Council were in some senses determined by the general secretary - individual union executive relationship. By the same token, any attempt to translate even a modest degree of policy consensus at General Council level generally had, first, to be translated into executive council support.

Thus, the individual union executive was a key intermediary in the organization and mobilization of consent for the Social Contract incomes policies: as an object in the organization of consent; as a vehicle for the articulation of particular individual union policy approaches, both internally and externally, on questions such as support for incomes policies; as an agency for the legitimate interpretation and administration of union policy; and, thereby, as a factor in the determination of relative degrees of leadership discretion. These diverse roles require further brief elaboration.

First, most general secretaries regularly reviewed their activities in a report to their union executive meetings. This was an important aspect of leadership accountability in most unions. Without exception among the sample unions, a key part of this report concerned general economic and industrial developments. The deliberations of the TUC General Council or its subcommittees

frequently figured prominently in these reports. General secretaries certainly did not seek the endorsement of their union executives on all matters which came before TUC General Council. However, on issues such as pay policy, where a TUC policy commitment was likely to have a direct impact on the industrial and political practice of the affiliate, they generally did.

Secondly, union executives tended to play a key role in the initiation of individual union policy approaches - often as the primary vehicle for the articulation of policies developed by permanent officials in research departments or the general secretary's office. The degree to which union executives were relatively passive arbiters, indeed sometimes simple recipients, of policy as opposed to active initiators of policy varied considerably and highlighted the particular policy discretion available to full-time, head office officials. However, this executive policy role assumed a particular importance because most union executives made recommendations to union policy conferences either in the form of special motions, or recommendations to support or oppose particular motions on the conference agenda. As will be argued further below, such recommendations appeared to carry substantial weight in the deliberations of union policy conferences because they were generally endorsed. Special executive motions invested with the weight of leadership authority and often benefiting from greater procedural flexibility in terms of timing and formulation were rarely defeated. Thus, executive policy messages were a crucial channel in effecting a downward mediation of policy. In terms of articulating union policy, union executives, in concert with the general secretary, also formulated motions and amendments to be considered by TUC

conferences. This often involved the identification of particular external alliances with other unions for the achievement of key policy objectives.

Thirdly, executive councils were also often in a position to effect the translation of policy consent to wage restraint into actual industrial practice: both through the publication of internal guidelines for officials and activists and through the endorsement of industrial disputes and the payment of dispute benefit. Executives also tended to be the focus for motions submitted by lower level decisional bodies within a union. Outside of the regular conference policy-making process, regional and industrial groupings expressed their policy challenges and endorsements to the union executive which then determined the appropriate response in line with existing union policy. In this way, the individual union executive often acted as a barometer of the impact of particular policies and, in the case of pay policy, the probability of continued policy support.

Thus, the organization of consent at the level of the union executive assumed a crucial importance for the mobilization of consent for the Phase One and Two pay policies affecting, in particular, the relative degree of leadership discretion on this issue. This section examines this organization of consent at the level of the sample union executives. It considers the process of downward mediation of policy within the sample unions in the case of Phases One and Two and how it was affected by variations in the general secretary/executive relationship.

Each of the sample unions had at least one TUC General Council representative during the Phase One and Two periods. ASTMS, NUPE

and the FBU were each represented by their general secretary. The TGWU had four representatives: its general and deputy general secretaries, the lay president and the full-time national women's officer. The GMWU was represented by its general secretary and two full-time officers who were both regional secretaries and executive members. Finally, the AUEW was represented by its president, the equivalent of the general secretary in most other unions (see note 2 above), and two full-time, executive officers. Multiple representatives from the same union generally voted in the same way in General Council decisions; though the AUEW representatives, reflecting both their status as elected, full-time officers and the vagaries of the factional system of internal political organization, sometimes voted in different directions. Thus, to a greater or lesser extent, all of the sample unions were party to the process of policy formulation and consensus-building within the TUC leadership; though the relative integration of sample union leaders into the inner circles of TUC policy-making varied considerably.

The sample union representatives were also, of course, obliged to take a position in General Council deliberations. This was significant because they often did so before any detailed consultation with their executives. Rather, their position in key General Council policy votes were generally explained after the fact and, then, virtually always endorsed by their individual executives. The official union policy position was, then, articulated both internally through general secretary or executive circulars and the union journal and externally at TUC and, where appropriate, Labour Party conferences and to the press. Occasionally, particularly in the case of incomes policies, internal policy or industrial practice were

altered in the light of external policy decisions - often on the basis of either inter-union or Party solidarity or of fear of exclusion from or censure within the 'fraternity' or 'club'. The latter kinds of sanctions might be personal, reserved for the union leader who did not seek to translate ostensible TUC policy consensus into internal union consent. However, they also reflected substantive policy concerns on the part of many union leaders and activists who preferred to steer a course within the main stream of TUC opinion. It was clear, for instance, that in the case of the GMWU this was a very important preoccupation among both activists and officials who sought to alter the image of the union through the 1970s (see also Chapter 4).

Thus, consent to TUC policy initiatives was far from spontaneous, even if most affiliates ultimately endorsed a particular policy. Rather, consent had to be organized and constantly reorganized and renewed. Some unions which were originally opposed to the Phase One policy, for instance, such as the FBU and NUPE, simply acquiesced in the light of TUC and Government policy and opted to pursue the maximum six pound increase in their various negotiations. Others, such as the AUEW, actually changed internal policy through a recall of policy conference in order to align internal policy with Congress decisions (see AUEW RNCR, 1975). This sequence or pattern of response was common in the organization of consent for Phases One and Two, in particular, and, more generally, in the interface between TUC and individual affiliate policy-making. Thus, in all of the sample unions, the executives were consulted after the initial General Council vote on both Phases One and Two, but before the union cast

its vote for the policies at the 1975 TUC and the June 1976 Special Congress. The organization of consent and opposition at the level of the sample union executives in these two key instances of union policy orientation merit further scrutiny.

Phase One

As was indicated in Table 1.4, the AUEW, ASTMS, NUPE and FBU representatives on the General Council opposed the six pound policy in the July 1975 General Council vote and maintained that opposition with the support of their executives and delegations at the September 1975 TUC. This period coincided with particular developments in each of these unions which limited either the discretion or relative inclination of their leaders to participate, at least initially, in the somewhat tentative General Council policy consensus.

The FBU, for instance, in possible breach of the TUC's twelve-month rule, had launched at its May 1975 conference a three-month work-to-rule campaign to secure an interim cost-of-living increase, a reduction in working hours from forty-eight to forty and a special payment for fire prevention duties (FBU AC, 1975; FBUI, May 1975; IDS Report 209, May 1975). National negotiations broke down in early July just as the TUC and the Government were finalizing the details of the six pound policy. This led to a recalled annual conference to consider the direction of FBU bargaining strategy (FT, 5 July 1975). There was growing pressure in some of the metropolitan brigades to escalate the work-to-rule into selective strike action, particularly in Strathclyde which had already pursued unofficial strike action in 1973 (Interviews, 10 July, 23 September, 2 and 3 October 1980; on the 1973 industrial action in Glasgow, see Chapter

4). A majority on the executive, however, were reluctant to contemplate strike action in an emergency service such as the fire service. Noting his opposition to the Phase One policy which he had opposed in the General Council vote only two days earlier, the General Secretary, Terry Parry, recommended on behalf of the executive that in light of the changed circumstances the union negotiators should concentrate on the introduction of a productivity payment and further discussions on the forty-hour week (FBUJ, June/July 1975). The executive recommendation was endorsed by 16,889 to 10,258 votes. This led the executive in August to settle for a six-pound increase effective from the next anniversary date in November and a Home Office enquiry into the feasibility of a forty-hour week (FBU GSC, 14 August 1975; FT, 14 August 1975; IDS Report 215, August 1975). In the interim, however, it also prompted considerable internal ructions when members of the Strathclyde brigade committee were temporarily expelled from the union for their attempt to organize local industrial action in defiance of the executive and conference decisions (FBU GSC, 17 and 22 July, 27 and 29 August 1975; Interviews, 29 August and 23 September 1980). The executive decision to settle, reportedly very much at the behest of the General Secretary who was particularly reluctant to initiate strike action, was significant because it was the first major claim involving industrial action to be settled within the Phase One guidelines (Interviews, 10 July and 22 September 1980).

Regional challenges to national union bargaining policy, particularly over strike action, continued to be a significant dimension of FBU compliance with the Phase One and Two pay policies. As was noted in Chapter 4, the predominant thrust in FBU bargaining

policy over the previous years had been the attempt to upgrade the national rates and reduce the working hours of the firefighter. In order to focus bargaining energies on the improvement of national rates, union policy was from 1974 committed to the banning of all overtime (FBUJ, November 1974). This certainly increased internal union pressures as overtime was the only significant addition to basic pay in the composition of firefighters' earnings (see Fallick and Elliot, 1981: 151). The 1975 work-to-rule campaign was intended to increase further the external pressures for improvement. However, the real progress towards the introduction of some form of productivity scheme for fire prevention and other duties was thwarted by the introduction of the Phase One and, subsequently, Phase Two policies. Dissatisfaction with the impact of these policies was inevitable. Firefighters, whose earnings were largely derived from basic rates of pay, felt an increasing sense of grievance about levels of relative earnings because those with other components in their earnings were better able to escape the full restrictive effect of the policies (on the impact of the policies on the average weekly earnings of firefighters, see Figure D.3, Appendix D). As this dissatisfaction grew, a majority in favour of national strike action in the fire service was gradually constructed culminating in the Phase Three fire service dispute (see Chapter 8).

In the summer of 1975, NUPE was in the process of inaugurating its new executive structure and system of subcommittees, part of the larger reorganization of the union (see Chapter 4). The first meeting of the new executive took place only a few days after Alan Fisher, the NUPE General Secretary, opposed the six pound policy in the 9

July General Council vote (see Chapter 6). It endorsed the General Secretary's position (NUPE ECM, 12 and 13 July 1975). NUPE opposition to the proposed Phase One policy was three-fold. First, the NUPE conference in May had endorsed a bargaining target of a forty pound minimum which was equivalent to two-thirds of average weekly earnings (NUPE AC, 1975; Interview, 14 October 1980). This 'two-thirds' target was first achieved the previous year as part of the Social Contract Mark One guidelines and was, moreover, part of the larger NUPE bargaining policy to focus on the achievement of national minimum wage targets for its membership, statutory or otherwise. The six pound Phase One figure, however, fell four pounds short of the union's declared target. Secondly, as was suggested in Chapter 4, despite their continuing search for methods to achieve 'fair comparisons' in the determination of public sector wages, NUPE activists had generally been disappointed with the results of previous incomes policies. Finally, the NUPE leadership was increasingly critical of Government economic policies.

The first meeting of the new Economic Committee adopted a paper prepared by the union's research staff, entitled Inflation Attack or Retreat, which argued the case for an alternative approach to the economy (NUPE EcCteem, 2 August 1975). This paper was subsequently produced as an executive statement (NUPE, 1975a). The very existence of a separate executive subcommittee dealing with the economy highlighted the organizational priority attached to economic analysis and the relative importance of the research function within the union - what one senior official described as the 'organizational expression of a different kind of philosophical attitude to negotiations' (Interview, 14 November 1980). Certainly, it

reflected the union's campaigning tradition as well as its previous attempts to locate its own bargaining strategy as a union covering the relatively low-paid in the public sector in the larger context of economic planning (see Chapter 4). Indeed, the union's revamped structure was a conscious attempt to generate more membership involvement in the negotiating process and mobilize members beyond wage questions (Interviews, 14 October and 14 November 1980). The particular location of the economic committee was, moreover, the result of the special relationship between the General Secretary and the head of the union's research department, Bernard Dix, who was a prominent figure on the left of the Labour Party and a keen advocate of the socialist conception of the Social Contract.

At the 1975 TUC Alan Fisher seconded the composite motion in opposition to the six-pound policy (TUCR, 1975). However, he had also indicated prior to the Congress that NUPE would abide by the majority decision though he would insist that NUPE members receive the full six pound increase (Guardian, 30 August 1975). This was the position subsequently adopted, first, by the union's Economic Committee and, then, the full Executive (NUPE EcCteeM, 6 September 1975; NUPE ECM, 20 September 1975). As one official later explained NUPE compliance with the policy, 'the executive recognized that we were not going to break the six pound barrier and, therefore, we were not going to dissipate our energies fighting it' (Interview, 14 November 1980). The constraints on an independent position were particularly great for NUPE because its negotiations were all conducted through multi-union negotiating panels on which some of the strongest supporters of the Social Contract, notably the TGWU and

GMWU, were the other main parties. Moreover, even though six pounds was less than the ten pound target increase, it still represented a large cash increase in the eyes of many members. This membership ambiguity about the six pound policy was apparent in branch motions submitted to the executive during the first months of Phase One: three were against the new policy, three were in favour of it and another three requested that the union not settle for less than the full six pound increase (NUPE ECM and EcCteeM, various 1975).

The AUEW executive was committed by the opposition of the union's joint policy conference to any extension of wage restraint and the AUEW delegation to the 1975 TUC voted against the Phase One policy (AUEW AC, 1975; TUCR, 1975). However, as a result of the Congress decision to support Phase One and the need to determine its own bargaining policy in the light of that decision, the executive agreed to recall its sectional policy conference, the National Committee (DT, 6 November 1975). This was significant because on the basis of factional balances there was a narrow majority of 'moderates' in favour of supporting the Labour Government's policy on the 1975 National Committee. Indeed, the National Committee duly endorsed compliance with the Phase One Policy (AUEW RNCR, 1975; see also below).

The AUEW executive consisted of seven full-time members elected on a regular basis by different geographical divisions. Their small number, full-time status and frequent meetings gave them much greater autonomy than was the case with the other sample union executives. They remained, however, at least partially dependent on factional organization though this dependence probably tended to decrease with relative length of tenure in office. The President

chaired the weekly executive meetings and voted in the case of a tied vote. The General Secretary attended the meetings with the right to speak but not to vote (see AUEW(E), 1975). The AUEW executive at this time was, in fact, almost evenly split on the question of whether to support the Phase One policy. The new General Secretary, John Boyd, was clearly in favour but had no vote, though he certainly exercised his prerogative to editorialize in favour of the Social Contract in the union's journal, even though the union voted against the policy at the 1975 TUC (see, i.e., AUEWJ, August 1975). The composition of the seven regional members of the executive at this time was as follows: two from the moderate faction who were prepared to support the Phase One policy; three from the left faction who, though sometimes in disagreement, were opposed to wage restraint; one independent from the northeast who was inclined to oppose Phase One but, as a TUC General Council member, was prepared to have the National Committee, which he argued was the union's supreme policy-making body, reconsider the issue in the light of TUC policy; and one vacancy because John Boyd's position on the executive had yet to be filled after his election as general secretary (Interviews, 14, 18 and 20 March and 15 October 1980). This balance within the executive meant that the position of the president, Hugh Scanlon, was particularly important.

Scanlon had demonstrated considerable ambiguity on the concept of the Social Contract (see Chapter 5). Internal union political practice placed important limits on his relative discretion on the question of pay policy. Moreover, his own substantive approach to the question did not imply any favourable disposition to a national

agreement on wage guidelines. However, his intimate involvement in negotiations with the Government as well as the changing internal circumstances in the AUEW possibly pushed him from a position of previous ambiguity to unequivocal support for the Social Contract wage guidelines. Events during 1975 clearly marked this transformation. First, the internal factional balance within the AUEW was shifting. The moderate faction secured a majority on the executive in November 1975 with the election of Gavin Laird to replace John Boyd and the defeat of Bob Wright by the moderate, Terry Duffy who later succeeded Scanlon as president (FT, 19 November 1975). This shift on the executive coincided with a small moderate majority in favour of the Phase One policy on the National Committee. Secondly, Scanlon appeared to be increasingly distant from the left faction within his own union. One executive member remarked that that the Social Contract period highlighted how little control the left faction exercised over Scanlon (Interview, 15 October 1980). By this time, it appeared that Scanlon only sometimes attended the left caucus gatherings prior to the National Committee meetings and, then, recalled one left activist, 'only to tell us off' (Interview, September 1980). Another executive councillor suggested that Scanlon was free to alter his approach from the time he no longer faced the prospect of re-election to the presidency (Interview, 12 August 1980). The legal problems encountered by the President over his casting of the deciding vote on a move from postal to branch ballots for the election of officers at the 1975 National Committee Rules Revision also appeared to be significant (AUEW NCR, 1975). When the legal challenge to this action was successful and two moderate members of the National Committee who were temporarily disqualified

were reinstated, the attempt by the left to abandon the postal ballot was effectively defeated (on the legal decision, see The Times, 11 June 1975; on the dispute over the postal ballot between factions within the AUEW, see Undy, 1979). Thereafter, Scanlon appeared much less concerned with the successful organization of the left faction and more concerned with TUC policy-making (Interview, 26 February 1980). Finally, Scanlon surely encountered increasing pressures within the TUC for he was the only member of the 'NEDC six' to oppose the policy that they had in fact negotiated with the Government. His early departure from the General Council meeting which voted on the six pound policy was but one example of his obvious discomfit. With the easing of the internal constraints on his policy discretion and his own apparent conversion to the need for a policy of temporary wage restraint, he was increasingly able to attempt to translate that support into AUEW policy.

Thus, with Scanlon's support, the executive opted to reconsider its policy on Phase One through the vehicle of the Engineering Section's policy conference, where there was a moderate majority, rather than that of the amalgamated union which had determined the union's opposition to a Social Contract Mark Two pay policy in June, where there was a left majority. Moreover, at least one of the left executive members also felt that, regardless of the substantive policy result, the National Committee was the appropriate procedural forum to consider bargaining policy and not the National Conference. The decision of the recalled 1975 National Committee to support Phase One and the subsequent 1976 National Committee decision to support Phase Two will both be considered further below.

The ASTMS General Secretary, executive and conference all had a long tradition of opposition to incomes policy and they maintained this opposition in the case of Phase One. Clive Jenkins, the ASTMS general secretary, played a particularly active, if unsuccessful, role in attempting to formulate an alternative to a TUC espousal of a flat-rate policy to succeed the Social Contract Mark I (see Chapter 5). Even before the conclusion of the Phase One agreement, the ASTMS executive reiterated its opposition to flat-rate policies, in particular, and wage restraint, more generally (ASTMS ECM, 14 June 1975). With the publication of the Phase One policy, the General Secretary sought executive support for his opposition to the guidelines. Only four of the twenty-two executive members appeared inclined to support the Labour Government's policy and the executive adopted the General Secretary's proposed two oppositional motions for submission to the September TUC conference (ASTMS ECM, 12 July 1975; TUCR, 1975; also DT and FT, 14 July 1975). The General Secretary also articulated the union's policy of opposition issuing special circulars and convening a series of meetings on how best to circumvent the new wage guidelines (ASTMS GSC, 2, 11, 16, 29 and 31 July 1975).

The relatively modest expression of opposition to the predominant downwards mediation of policy initiatives was generally characteristic of the ASTMS executive on which there appeared to be little 'coordinated opposition' to the persuasive, indeed sometimes charismatic, General Secretary (Interviews, various dates; see also Undy and Martin, 1984: 88). Certainly interview evidence in this study from officers and activists alike suggests that opposition to leadership policy initiatives in the union was more likely to be

expressed regularly by certain divisional councils and occasionally in a surprise conference defeat. The link between executive member and divisional council varied considerably from one division to another. However, it often tended to be weak which meant that the expression of divisional opposition on policy matters was not always articulated at executive level, except by way of motions submitted by divisional councils. Moreover, the representativeness of individual executive members was undermined by their extremely weak electoral base. Executive members from the divisions were often elected on much less than a ten per cent turn-out in executive elections (Interviews, 7 June, 15 July and 5 September, 1980). Given this structure of representation, the formidable persuasive powers of the General Secretary vis-a-vis his executive generally held sway (Interviews, 15 and 16 July and 5 September 1980).

On the question of consent to wage restraint, however, there tended to be little internal controversy in ASTMS. The union's oppositional stance, as was argued in Chapter 4, was integral to its bargaining policy and continued search for membership expansion. It was probable that the comparatively frenetic level of reaction of the ASTMS leadership to the introduction of Phase One, as indicated by the sheer volume of General Secretary Circulars on the subject, was intended to repeat the union's very successful opposition to the 1960s pay policies (Interviews, 11 August and 3 December 1980). Moreover, this leadership policy of opposition certainly commanded conference support and was also reflected in the divisional council motions submitted to the executive. Indeed, some divisional activists sought to secure, in advance, executive guarantees of support for

disputes in breach of the pay policy guidelines. The General Secretary and executive, however, reserved the right to consider each dispute on its merits (see, i.e., ASTMS ECM, 15 September 1975; also Plaut, 1978).

Not surprisingly, perhaps, both the TGWU and GMWU representatives supported Phase One in the General Council vote and also secured executive endorsement to maintain that approach at the 1975 TUC. Jack Jones and David Basnett were, of course, both intimately involved in the development of the Phase One policy and had kept their respective executives informed of the progress of negotiations. They had also successfully secured sufficient policy flexibility to ensure that any Phase One policy would not be inconsistent with their union policy. They did this by securing favourable executive recommendations to their union policy conferences which then endorsed the executive position. Union policy was then interpreted in the light of conference decisions by the executive. The tradition and mechanics of GMWU and TGWU conference support for platform recommendations will be discussed further below. Certainly, both Jones and Basnett also commanded overwhelming support at executive level which facilitated the downwards mediation of policy initiatives. Neither executive demonstrated much factional activity. The structure, composition and tradition of the TGWU executive meant that at least some of its members were more inclined to occasional expressions of political activism than was the case with the GMWU executive. However, TGWU general secretaries such as Cousins and Jones were generally associated with the left of the labour movement. Thus, the expression of political activism within the executive in no way undermined the relative authority of the TGWU

general secretary. Indeed, many of the most politically active members of the executive tended to be elected on to the executive's inner cabinet or monthly Finance and General Purposes Committee (Interviews, 2 April and 4 September 1980). There was virtually no expression of opposition to the support of Phase One within either executive despite some quiet rumblings from some TGWU executive members.

The GMWU annual conference preceded any detailed negotiations over what was to follow the Social Contract Mark I. The primary concern of the General Secretary appeared to be the avoidance of any internal policy commitments which would work against the mobilization of consent within the GMWU for the eventual Phase One deal. This presented some difficulties, however, since it was still far from clear what the eventual Phase One might entail. This question of flexibility centred around the debate over low pay. A London branch motion called for a forty pound minimum wage for a thirty-five hour week, a target in fact identical to that already adopted by NUPE. There was also a series of more general motions calling for improvement of low pay as embodied in the Social Contract. Thus, Basnett secured executive support for a composite general motion on low pay and opposition to the specific target. He argued that this kind of target was 'old-fashioned' and overly restrictive when the TUC Economic Committee was still engaged in wider negotiations over social and economic priorities (GMWU AC, 1975: 433). The General Secretary's plea for flexibility on this issue prevailed, albeit only by 202 to 173 votes (ibid.: 437; also MS and Guardian, 5 June 1975). Subsequently, Basnett obtained the approval of his executive to

support the Jack Jones proposal for flat-rate increases. Such backing was, of course, readily forthcoming from a general union with a large low-paid membership and a policy predilection for voluntary incomes policies. This backing came at a regular executive meeting which was held after the idea had been adopted by the TUC Economic Committee but before it had been endorsed by the General Council (GMWU ECM, 17 June 1975; FT, 18 June 1975; see also Chapter 6). The TUC-Government agreement was then endorsed by a special GMWU executive meeting (GMWU ECM, 22 July 1975). There appeared to be very strong support within the executive both for the design of the policy which was seen to favour the low-paid - a perennial objective of union bargaining policy - and as a form of support for the Labour Government. As David Basnett suggested to the GMWU conference, 'We have a Labour Government, . . . As much as anything, our job is to preserve that Labour Government' (GMWU AC, 1975: 508). However, the union's loyalty to the Labour Party differed from the past inasmuch as its leader did not ascribe economic difficulties to wage demands as some GMWU general secretaries had tended to do in the past (see Clegg, 1964: 198). Rather, Phase One was presented as 'the only way we could see to give the Government the freedom to act to defend its social priorities, social priorities that we had all agreed upon' (GMWUJ, October 1975).

Similarly, Jack Jones obtained the support of the TGWU executive to pursue his flat-rate proposal within the TUC Economic Committee (TGWU ECM, 2 June 1975). However, the TGWU biennial policy conference had yet to be held (see below). Thus, Jones sought to construct a policy result from the BDC in early July which was consistent with his detailed policy initiatives within the TUC. He

successfully persuaded his executive to recommend motions which he felt would be consistent with the future direction of TUC policy. These recommendations were then accepted by the TGWU conference in a keynote debate (TGWU BDCM, 1975; see also below). Jones then presented the detailed results of the TUC-Government negotiations to the TGWU executive's finance and general purposes committee, noting how the proposed Phase One policy was consistent with union policy as decided by its Biennial Delegate Conference. The TGWU F&GPC, thus, endorsed the actions of the General Secretary (TGWU F&GPCM, 10 July 1975). This F&GPC interpretation was subsequently endorsed by the regular meeting of the full executive in September (TGWU ECM, 15 September 1975). The TGWU F&GPC was, in fact, challenged by the London region committee which, after a prolonged internal debate and against the advice of the Regional Secretary, submitted a resolution to the executive requesting that it withdraw its support of the Social Contract because the Government was no longer fulfilling its obligations (TGWU London Region Committee, July 1975; also MS, 31 July 1975). Although this resolution was rejected as being inconsistent with union policy, the London Region Committee continued to lead the opposition to the Social Contract pay policies.

Phase Two

Among the sample unions, ASTMS, alone, was opposed to Phase Two. Despite the formal support of all the other sample unions for Phase Two on both the TUC General Council and at the special Congress in June 1976, leadership policy discretion in the organization of consent for this policy within the sample union executives was subject to much stronger resistance than was the case with earlier

phases of the Social Contract incomes policies. Indeed, one of the AUEW full-time executive officers, Reg Birch, broke with the majority view on his union executive and opposed the Phase Two guidelines in the May 1976 General Council vote. As in the case of Phase One, all of the sample union executives effectively endorsed the position taken by their leaders in the General Council vote. However, such consent was achieved in the face of considerably greater opposition than was the case the previous year. This was particularly evident in NUPE, the FBU and the TGWU.

The support of the NUPE General Secretary for the Phase Two guidelines was strongly contested within the Economic Committee of the NUPE executive by both key lay activists and senior research and policy staff. In the autumn of 1975, the central thrust of discussions within the union's new economic committee concerned the development of an appropriate response to cuts in public expenditure (NUPE EcCteeM, 18 October and 29 November 1975; NUPE IM, 10 November 1975). When the Government announced major public spending cuts in January 1976, the NUPE executive adopted a policy statement prepared by its research staff, entitled Time To Change Course. This was extremely critical of the direction of Government economic policy and set out the basis of an alternative economic strategy along the lines of the socialist conception of the Social Contract (NUPE, 1976; also MS, 22 March 1976). This effectively marked the beginning of NUPE's public campaign against Government public expenditure cuts (Interview, 7 August 1980). This 'cuts campaign' grew to involve numerous other public sector unions but remained outside the ambit of official TUC activity as the three largest TUC affiliates remained

opposed to its public criticism of Government economic policy. The campaign culminated in a large public demonstration against Government public expenditure cuts in November 1976 which, much to the discomfit of many Cabinet ministers, was supported by the National Executive of the Labour Party (see Labour Weekly, 21 May 1976; The Times, 9 July 1976; FT, 18 November 1976). Thus, NUPE took an increasingly active role in its criticism of both Government and TUC economic policy.

When the union discussed the TUC-Government proposals for Phase Two, -- opponents of the guidelines within the NUPE executive and head office staff pointed to the apparent contradiction between the General Secretary's support for the proposed policy within the TUC General Council and its Economic Committee and NUPE's advocacy of an alternative set of economic policies. Indeed, a NUPE spokesperson had earlier suggested that the Government's public expenditure cuts could jeopardize the prospects for any Phase Two (DT, 21 February 1976). After prolonged discussion within the Economic Committee, they arrived at a compromise formula. This entailed maintaining the union's criticism of overall Government economic policy while supporting the specific Phase Two guidelines. Because there was no union policy conference that year and because it provided an opportunity to exercise the union's new consultative machinery, it was decided that this executive recommendation would be put to a branch ballot (Interviews, 14 October and 14 November, 1980; NUPE GSC, 24 May 1976). The compromise formula was duly endorsed by the full executive though a number of individuals, other than those critics on the Economic Committee already silenced by the principle of committee solidarity, voted against supporting the Phase Two

policy. The executive statement was supported by roughly a three to one margin (80 per cent of the 46 per cent of branches which voted representing almost 74 per cent of the members in those branches; see NUPE IM, 15 June 1976). However, the initial challenge to the NUPE General Secretary's support for Phase Two, even if a minority challenge, represented a new assertiveness by the re-organized lay executive vis-a-vis the General Secretary. This assertiveness was clearly encouraged by a number of key head office officials. It also explains the apparent contradiction of the NUPE contribution to the 1976 Special Congress debate which ostensibly argued in support of the General Council report but in enumerating a long list of criticisms of Government economic policy distanced the union's policy from the TUC analysis of the economy (TUC, 1976).

Similarly, the support of the FBU General Secretary for Phase Two prompted a major 'raucus' within the FBU executive. In an almost unprecedented split between the FBU's two senior officers, the General Secretary, who was a member of the TUC General Council, argued in favour of the TUC guidelines while the President, who was not, argued against. By the slim margin of eight to seven, the executive agreed to recommend that its union policy conference lend its support to the TUC policy (FBU ECM, 10 May 1976; Interviews, 10 and 18 July, 29 August and 22 September 1980). The executive recommendation was subsequently endorsed by the FBU conference and the FBU delegates to the June Special TUC, thus, supported the Phase Two guidelines (FBU AC, 1976; FBUIJ, August 1976).

Despite his crucial role in the formulation of the Social Contract pay policies, the TGWU general secretary, Jack Jones, also

experienced increasing indications of internal opposition to wage restraint at executive level. This was evident both in a core of opposition within the executive and also in the expression of motions from regional and industrial committees to the executive. The authority of the General Secretary was never in question but the apparent dissatisfaction with some aspects of the industrial impact of the policies at the workplace was increasingly aligned with the opposition to the policies among the more politically active members of the executive, particularly the small core of Communist Party members and activists on the left of the Labour Party. On the basis of a 1978 survey in which thirty-five of the thirty-nine TGWU lay executive members participated, England (1981) reported that thirty-one of the thirty-five were either convenors or shop stewards. This meant that a growing dissatisfaction with the multiple relativities problems at the workplace associated with the impact of the Phase One policy (see Chapter 6) was bound to find expression within the TGWU executive.

After a long debate in an executive meeting convened especially for that purpose, the TGWU executive voted by twenty-five to twelve to endorse the position of the General Secretary (TGWU ECM, 10 May 1976). However, the strength of feeling within the executive about a further continuation of any policy was reportedly strong enough that the General Secretary also undertook to secure a return to free collective bargaining at the end of the Phase Two policy (Interviews, 4, 9 and 26 September 1980). Even in a union with a tradition of preeminent general secretary authority, this was a clear indication that leadership discretion on this crucial question of bargaining policy was subject to certain internal limitations at executive

level. This, of course, was to be dramatically underscored at the 1977 Biennial Delegate Conference (see Chapter 8).

In contrast, the organization of consent for Phase Two at executive level within the GMWU was unproblematic. The General Secretary, in common with a number of other union leaders at this time, had initiated a series of economic reviews which he circulated to executive members along with copies of various TUC statements (GMWU ECM, various 1975-1976). The six pound policy appeared to be well received within the union as there was only a relatively modest expression of opposition to the policy in motions to the annual conference and also in the reports of the newly inaugurated national industrial conferences (Interviews, various). Indeed, some branch motions to the GMWU conference in 1976 called for a continuation of the flat-rate wage policy (GMWU ACA, 1976; FT, 1 April 1976). The executive, moreover, appeared to give David Basnett a relatively free hand in initiating and formulating policy recommendations. Thus, when it approved the terms of a special executive motion to the 1976 GMWU Congress, it also authorized the General Secretary to amend the motion if necessary (GMWU ECM, 6 April 1976). Such a proviso reflected the fact that the TUC General Council had yet to conclude its negotiations with the Government over the terms of Phase Two. The executive subsequently endorsed the Phase Two guidelines (GMWU ECM, 17 May 1976). Unlike most of the other sample unions, there was virtually no indication of dissent to such an approach. The terms of Phase Two, in fact, received overwhelming support at the conference (GMWU AC, 1976; MS, 10 June 1976). A few speakers at the 1976 conference were critical of some of the details of the Special

Executive Motion, but there was little expression of substantive opposition to Phase Two. Rather, most of the opposition was directed at the Chairman over the procedural mechanisms governing the debate. Indeed, this frustration over procedure tended to be a feature of the expression of opposition to the platform at GMWU conferences (see below).

The GMWU executive's support of Phase Two was consistent with the union's continuing advocacy of the merits of voluntary incomes policies and its tradition of staunch support for Labour governments. However, it also reflected the relative lack of opposition to the General Secretary on the executive. This was generally the case with the GMWU executive which featured an unusual mixture of ten full-time regional secretaries and twenty lay activists - two from each region. The lay activists tended to include fewer stewards and convenors and more full-time branch officials. This reduced the direct expression of industrial tensions within the executive (see, i.e., England, 1981: 23). The reorganization of the executive into a single tier in 1976 also appeared to make little difference to this relative leadership consensus. There was virtually no factional activity within the executive. Indeed, one leading lay activist confessed that he would not wish to sit on the executive because he would then have been 'muzzled' (Interview, 5 September 1979). The executive had decided, for instance, that an executive member could not move a motion in opposition to a platform recommendation at conference (GMWU ECM, 17 May 1976). Regional secretaries appeared to play a key role in the transmission and mobilization of policy consent into the regions. They convened the annual regional council; led the deliberations of the regional committee; seemed to exert an

important influence over the lay executive members from their region who were generally also a member of the regional committee; and led the regional delegation to the annual conference at which most issues were voted on the basis of a regional mandate decided in a delegation meeting.

However, there were signs of some ferment in the regions and in particular industries over the impact of pay policy. The Liverpool regional committee, for instance, only narrowly opted to support Phase Two (Interviews, 4, 6 and 7 September 1979). The new national and regional industrial conferences also served as a natural forum for the expression of industrial grievances even though there was no formal mechanism to translate such grievances into the official policy channel of union decision-making. A new generation of full-time officials, led by the example of the General Secretary, also appeared to be more concerned with responsiveness and accountability to lay activists. This encouraged an increasing assertiveness on the part of some regional and industrial bodies and, as will be argued further in Chapter 8, appeared to be stimulated by the restrictive impact of wage restraint. During Phases One and Two, however, the expression of opposition to pay policy remained extremely muted at the level of both the union executive and the annual conference where opposition was generally concealed within the system of regional mandating. As such, in terms of both its substantive policy orientation and its internal political practice, the GMWU General Secretary enjoyed a high degree of leadership discretion to organize and mobilize consent for incomes policies.

Policy support for Phase Two in the AUEW was primarily a

function of factional alliances within the policy conference, the National Committee. This will be explored in greater detail below. However, the executive was subject to the same factional alliances. As a result of the executive elections the previous year, the moderate faction, which was inclined to support the Labour Government's pay policies, enjoyed a majority on the executive. Moreover, with Scanlon's conversion to the necessity of such policies, there was clearly a majority in favour of the Phase Two policy on the AUEW executive.

Finally, the ASTMS general secretary, Clive Jenkins, experienced little difficulty in organizing the consent of his executive to his opposition to the Phase Two guidelines. The General Council vote on Phase Two in which the ASTMS General Secretary was one of the few to oppose was held just prior to the ASTMS annual conference. Jenkins issued a circular advising members of his opposition and that he would seek immediate executive support for an emergency motion to conference (ASTMS GSC, 6 May 1976). Indeed, executive support was forthcoming, though four members of the executive were unsuccessful in their attempt to make the special motion slightly more critical of the Phase Two policy. They wanted the motion to reject outright Phase Two, rather than simply be 'critical of' the policy (ASTMS ECM, 7 May 1976). Only two of the twenty-two executive members expressed support for Phase Two. The executive motion was then endorsed by conference, though the attempt to pass a more critical motion of the Phase Two policy was defeated by a margin of only 380 to 321 votes (ASTMS AC, 1976). Thus, the ASTMS delegation to the June Special TUC cast its votes against the Phase Two policy. This, of course, was entirely consistent with that union's opposition to

policies of wage restraint (see Chapter 4). However, the internal debate within the union over how critical it should be of TUC policy highlighted an increasing reluctance on the part of the ASTMS General Secretary to reject outright General Council policy initiatives. Many ASTMS activists expressed the view that too much overt criticism of TUC policy consensus implied possible exclusion of the General Secretary from the inner policy circles to which he aspired (Interviews, 15 and 16 July and 5 September 1980).

Thus, all of the sample union executives agreed to recommend the policy approach taken by their leader to their respective policy conferences. Consent or opposition were, therefore, successfully organized and mobilized at the level of national union executives within the sample unions and then articulated to policy conferences where such an approach was generally further endorsed. The organization of consent and opposition at union conferences is the subject of the next section. Consent to Phase Two, however, was organized in the face of increasing industrial and political pressures. These were clearly manifest in both various union executives and policy conferences. In the case of union executives, the expression of such pressures was shaped by the particular form of the general secretary/executive relationship which, in turn, was shaped, at least in part, by the structure of the executive as well as the culture or prevailing ethos of the organization. These variations within and between the sample union executives and their implications for relative leadership discretion in the pursuit of the mobilization of consent and opposition for TUC policy will be the subject of further scrutiny in Chapter 8 which focuses on the

processes of opposition to pay policy within the sample unions.

POLICY CONFERENCES: THE ORGANIZATION AND DISCOURSE OF CONSENT

A second key level for the mobilization of policy consent within the sample unions was that of the policy conference. As was illustrated above, the general secretaries of each of the sample unions first sought the support of their executives for their respective positions. However, the scope for executive support was both formally and practically limited by the requirement that they interpret conference policy. Thus, the framing and direction of conference policy decisions assumed a particular significance: sometimes before the sample union leader took any policy initiative from the TUC General Council to the union executive, sometimes when the union leader sought prior approval for imminent policy developments, and often in terms of the post facto legitimation of policy developments as in the case of Phase Two. Thus, the direction and precise phrasing of conference policy could have an important influence on the degree of policy discretion available to both the union executive and its top leaders. Policy conference support for leadership positions also served a legitimating role; thus facilitating the translation of policy into actual industrial practice. Union conference decisions were generally the most extensive form of popular consultation. None of the sample union leaderships other than in the case of the NUPE branch ballot for Phase Two sought approval for the union's policy position on particular pay policy phases from lower organizational levels than the executive or the union conference. Thus, the conference symbolized the expression of popular support and opposition.

This was certainly true for activists, if not the entire membership. The effective implementation of voluntary incomes policies on the union side was ultimately dependent on the acquiescence, if not the cooperation, of local union officials and activists. Even if full-time officials did not favour a policy of voluntary wage restraint, general secretary or executive directives to abide by such a policy, especially when endorsed by a union's policy conference, represented the authority of their employer and were difficult to ignore. Such policy decisions were also likely to have a significant impact on lay officials and activists. As was argued above, union activists must constantly pursue the creation and recreation of a collective identity for a union organization. This is its ultimate source of strength as an intermediary organization. Activists and local leaders constantly have to mobilize bias in favour of the traditions of organizational solidarity and unity which might sustain the principle of collective action when required (on the mobilization of bias in favour of union organizations at the workplace, see, i.e., Batstone et al., 1977; also Willman, 1980). In other words, it can be argued that there was generally a normative bias in favour of the observance of collective organizational decisions among key activists.

Local activists were, therefore, poorly placed simply to reject the authority of collective decisions at national level. On the contrary, collective decision-making, particularly at the conference which was formally a union's supreme governing body, assumed a new importance. For both opponents and supporters of the Social Contract incomes policies, the best vehicle to consolidate their position

within the organization was an unambiguous conference decision. Moreover, the structure and mechanics of conference decision-making with its formal process of compositing different motions on the same subject was sometimes more amenable to inter-regional and inter-industry organizing than was often the case with union executives which were more often directly under the sway of the general secretary of their union. The actual conference debates also sometimes assumed a more 'political' or oppositional character than was the case in many union executives because of the greater scope for the intervention of various political groups and the construction of political alliances. Some general secretaries also argued that their union conference was more 'representative' of membership sentiments than the executive because of the sometimes narrower basis on which the executive members were elected. Faced with a rising tide of opposition to the impact of Phase Two, Jack Jones, for instance, successfully argued before his executive in 1977 that any decision on the future of the Social Contract pay policies should be left to the union's BDC the following month and not be pre-empted by the executive (Interviews, 26 September and 16 December 1980; TGWU ECM, 30 May - 2 June, 1977). In terms of the mobilization of both consent for and opposition to incomes policies, for both upwards and downwards mediation within the union, policy conferences were a key forum.

Union policy conferences vary considerably in structure, procedure and substance. These variations determine greater and lesser degrees of policy discretion available at leadership level. The internal dimension of the structure of union policy conferences might include any of the following aspects of its organization: its

relative size, duration and frequency; the basis of representation and provenance of the delegates; whether such delegates are in any way mandated; whether the delegates are grouped in any way such as by region or industry; the relative importance of the role of the executive, full-time officials and the general secretary or other principal leaders at the conference; and the complex formal and informal networks linking these different groups and bodies. The external dimension of conference structure involves its place and relative powers within the overall structure of the union's organization. Procedural variations concern the rules and customs governing the actual mechanics of policy debates. These include the submission of motions by branches, regional and industrial committees and union executives; the amendment of such motions and the process whereby they are composited; and the structuring of debates including the relative positioning of motions, the mechanics governing contributions, and the relative amount of time allowed to speakers in the debates. The influence of and flexibility available to the 'platform' are particularly important as they highlight the relative ability of union leaderships to structure debates and influence their outcomes. Finally, the substantive variations relate to past and present policy decisions as well as the influence of organizational culture on the readiness of delegates to embrace some policies, yet not others.

Structural and procedural variations crucially influenced the organization and mobilization of consent for incomes policies within the sample unions. For instance, the general secretary of the GMWU enjoyed a high degree of policy discretion due, in part, to the

structure and mechanics of both executive and conference decision-making. The AUEW president, on the other hand, was subject to much greater policy constraints through both the formal organizational limitations on his power as specified in the union's rulebook and the informal operation of the system of factional organization within the union (see Chapters 4 and 5). Yet, it is implausible that the policy differences between these two unions on the question of incomes policies was simply the result of structural and procedural variations between the two unions. Rather, as was explored in Chapter 4, there were significant substantive variations between the two unions in their approach to pay policy. It was argued that these variations reflected a range of factors, particularly membership composition and industrial location, collective bargaining policy, and internal and external political practices. Structural and procedural variations significantly affected the form of the mobilization of consent and also the degree of leadership discretion available in particular circumstances. They did not determine the direction of policy, with the possible exception of where the balance of internal forces on a particular policy question was roughly equivalent. In this sense, leadership discretion was never absolute. It was always subject to the complex contingencies of internal political practice of which conference decision-making was one of the most significant aspects. However, as has been argued in previous chapters, the relative degree of leadership discretion crucially influenced the extent to which TUC General Council members transmitted messages of support or opposition for the Phase One and Two policies within their own unions.

This section explores in greater detail the variations between

union policy conferences and their implications for the mobilization of consent within the sample unions. It focuses on the case of the 1975 TGWU Biennial Delegate Conference, the key union policy conference during this period. The TGWU was the largest TUC affiliate and it had a particular history of antipathy to wages policies. Thus, its decision to support a voluntary incomes policy provided an exemplary illustration of the mobilization of consent for such a policy in a union's internal political process. The final part of this section briefly highlights some of the variations between the policy-making conferences of the other sample unions in the organization and mobilization of consent.

The TGWU Biennial Delegate Conference

The economic debate of the 1975 TGWU Biennial Delegate Conference was significant for a number of reasons. First, in terms of its timing, it quite fortuitously coincided with the 'crisis' Cabinet meeting which formulated the Government's response to the collapse in the value of the pound at the end of June (see Chapter 6). Secondly, through dint of personal commitment, relative leadership discretion and the preeminent strategic role of his union, Jack Jones, the TGWU general secretary, had been the key protagonist in the development of the Social Contract and TUC relations with the Government during this period. If his own union did not endorse the emergent Phase One policy, then it would effectively undermine the credibility of any TUC-sponsored voluntary wage restraint plan. Thirdly, of the various policy dispositions of key affiliates within the TUC, the TGWU policy decision was likely to determine the fate of the TUC's emerging policy. A negative decision would have made it

virtually impossible to construct a viable TUC consensus around support for wage restraint. However, unlike the other general union, the GMWU, the TGWU delegate conference had over the previous two decades demonstrated a quite consistent hostility to any form of interference in collective bargaining. Through the late spring and early summer of 1975, Jones played a vital role in bringing the TUC General Council to a rough consensus on the need for a form of voluntary incomes policy involving a system of flat-rate wage increases to succeed the Social Contract Mark I policy. He had also secured the consent of his union executive to such a proposal and its qualified commendation of the principle to the union's biennial conference. Given the apparent lack of enthusiasm for a further round of Social Contract wage guidelines within a number of key TUC affiliates, notably the AUEW, the support of the TGWU conference was clearly essential for the further development of the policy. The coincidence of the sterling crisis further heightened the drama and importance of the debate. Finally, the debate was also a good representation of the kinds of arguments that were being deployed for and against a voluntary incomes policy at this time in the other sample unions. The TGWU debate consisted of more than thirty contributions with an approximate equivalence in expression of support for and opposition to the Social Contract (TGWU BDC, 1975). The success of the TGWU general secretary in obtaining an overwhelming mandate from the conference to pursue his policy proposals was comparable to the successful downwards mediation of the TUC policy initiative in some of the other sample unions.

The TGWU conference decision to support Phase One, therefore,

merits closer scrutiny. This section considers the organization and discourse of consent for incomes policy at the 1975 BDC of the TGWU. It, first, looks at the organization of consent in terms of the structure and procedural mechanisms of the conference. It then turns to the discourse of consent with particular attention to the deployment of systems of argument for and against union policy support for a Phase One policy and their relative consonance or dissonance with the union's political practice - what, in C. Wright Mills's terms, might be called 'vocabularies of motive' (1963a; see also Batstone et al., 1977: 7). Finally, in anticipation of the subsequent mobilization of opposition, this section attempts to decipher some of the patterns of support and opposition for the policies within the conference and how these reflected lower-level decisional instances within the TGWU.

The TGWU policy conference or BDC meets every two years. It is composed of more than a thousand delegates nominated and elected by both local branches and regional trade groups. The delegates sit in regional delegations at the conference but, unlike some of the other sample unions, there tends to be little official mandating either by branch, trade group or region. Arguably, this practice enhances the sway of the platform at conference. Apart from the senior full-time executive officers such as the general and deputy general secretaries and the lay chairperson, the union executive is represented by only three of its thirty-nine members. Thus, the articulation between the executive and conference tends to be weaker than in many unions except through the persons of the general and deputy general secretary who maintain a very strong presence throughout the conference. In this sense, the recommendations of the executive as

proposed and interpreted by the general secretary assume a singular importance and tend to be inseparable from the personality of the general secretary. This is further accentuated by the lack of full-time officer presence at policy conference. Regional and national trade group secretaries attend in order to present their respective reports to conference. Other local officers might attend only once during their entire career as an official.

As regards the external structure of the policy conference, like most of the other sample unions, the government of the TGWU and the determination of its policies were formally invested in the BDC (see TGWU, 1979b). Although the executive and general secretary were obliged to direct union industrial and political practice in conformity with the general guidelines determined by the conference, in practice, they exercised wide-ranging administrative and interpretative powers. Their degree of policy discretion was enhanced by the fact that the BDC was biennial rather than annual. Thus, there was much greater scope for executive interpretation in years when there was no conference and the previous year's policy resolutions had possibly been superseded by events (see also Minkin, 1978a: 119). For instance, there was no formal mention of the Social Contract at the 1973 BDC. The nearest conference resolutions expressed opposition to 'statutory control of wages or interference with collective bargaining' in one case and, in others, called for joint TUC-Labour Party action on a high national minimum wage and the implementation of a policy to tackle inflation through price and rent controls (TGWU BDCM, 10 July 1973). These resolutions constituted a sufficient basis in 1974 for the executive to support the Social

Contract Mark I guidelines as consistent with union policy (TGWU ECM, 3 June 1974; see also Chapter 5). Support for any Social Contract 'Mark II' guidelines, however, required a more specific conference mandate as the Social Contract was certain to be on the agenda of the 1975 BDC. Thus, in terms of both the mechanics and substance of the debate, the relative position and actual wording of the contending motions became extremely important. For the mobilization of consent for any future policy, particularly given his intimate involvement in its development, Jones required endorsement of general guidelines which would give him sufficient lee way to negotiate the Phase One policy.

The substantive requirements of the TGWU internal political process undoubtedly influenced the decision by Jones to pursue his flat-rate wage proposal. As was explored in Chapter 4, the general development of TGWU collective bargaining policy was hardly consistent with a policy of rigid wage restraint. Moreover, the tenor of the motions submitted to the 1975 BDC did not presage any significant shift in union bargaining policy. Indeed, a senior TGWU official recalled that the General Secretary was worried about the number of motions on the conference agenda which specifically called for free collective bargaining (Interview, 24 October 1980). Including the executive's motion, only four of the twenty-one motions on the 1975 BDC agenda on the Social Contract could be construed as in any way supportive of the Social Contract Mark I guidelines and their further development. Indeed, sixteen of the motions were opposed to either the Social Contract or any form of incomes policy (TGWU BDCA, 1975). Moreover, this agenda was finalized well before the Government's April 1975 budget had revealed the changing

direction of economic policy (see Chapter 6). Despite the executive's endorsement of the Mark I policy, there were definite undercurrents of disillusionment with the Social Contract. Thus, the organization of consent for any new policy had to contend with this expression of opposition as it filtered upwards from branches and district, regional and trade group committees. The industrial and regional patterns of this opposition will be explored further below.

The conference agenda, however, also featured a range of motions calling for action on low pay, the reduction of differentials, the introduction of cost-of-living scales and the pursuit of a policy of across-the-board flat-rate increases (ibid.). Many of them were, in fact, aimed at very specific multi-union bargaining contexts, but they either spawned or provided the vehicle for the General Secretary's advocacy of a special one year policy of flat-rate wage increases in 1975. Perhaps not surprisingly in a general union servicing a large, low-paid membership, the idea of flat-rate wage increases was not without antecedents in TGWU bargaining policy. The notion had particular advantages in a multi-union context where craft-based and white-collar unions were making quite different sets of arguments for the maintenance of differentials. There was particularly strong support for the principle of flat-rate increases among TGWU members at the Ford Motor Company, but it was also manifested in 'second to none' types of TGWU bargaining policies that had gained prominence in the Midlands (Interviews, 29 February, 5 March and 4 September 1980). Indeed, it has been argued that it was precisely this type of bargaining posture that had resulted in a progressive narrowing of differentials - both

historically and through the 1970s in particular (see Turner, 1952; Brown, 1976). Whatever its implications for 'sophisticated reward systems', this type of bargaining policy struck a responsive chord within TGWU policy-making and industrial practice. Jones personally favoured the principle of flat-rate increases, TGWU officials generally received flat-rate increases in pay (Interviews, 30 July and 14 August, 1980), and such an approach had also been formally incorporated into union bargaining policy. A 1971 BDC resolution recommended a minimum wage target and 'the principle of flat-rate increases as a reasonable and effective way to improve the position of the lower-paid' in the context of inflation (TGWU BDCM, 1971: no. 30). Senior negotiators had always advised against setting too rigid a centralized bargaining policy in an industrially heterogeneous union such as the TGWU. Indeed, motions on bargaining policy to the BDC were often forwarded directly to the appropriate national trade group committee and not debated at conference because a policy that might seem tenable for one trade group or industry might be completely inappropriate for others. However, on the principle of flat-rate wage increases there seemed to be a considerable depth of support among the union's large, low-paid membership.

In proposing the principle of a flat-rate wage policy to the TUC, Jones could be reasonably certain that it would be consistent with the industrial and political requirements of his own union. Jones argued that such a scheme had the twin advantages of simplicity and social justice (TGWU Vehicle Building and Automobile Group, 1975). Quite apart from its real substantive merits as a policy, there can be little doubt that the scheme was deliberately angled to gain the support of a union conference which, otherwise, viewed any

outside interference in collective bargaining with disfavour.

As was suggested in Chapter 6, it was hardly surprising, moreover, that the proposal should find almost immediate favour with the GMWU and disfavour with unions whose industrial policy was strongly inclined to support a reward for skill and responsibility such as the AUEW and ASTMS. Jones was also able to secure the support of his own executive for the proposal and take that recommendation to the BDC (TGWU ECM, 2 June 1975; also, see above). The executive, moreover, had given its unqualified support to the Social Contract suggesting that 'all our efforts to maintain and improve conditions for all of the membership may be summed up in the logic of our support for the social contract' (TGWUR, 1974: 10). In order to translate this message into actual conference support, it remained to frame the exact terms of the conference debate and put the arguments to the delegates. This further raises both procedural and substantive considerations.

The Standing Orders Committee (SOC) is charged with the compositing of motions at most union conferences. The SOC at the 1975 BDC was the focus of considerable activity as opponents and proponents of the Social Contract attempted to composite their diverse motions. Inasmuch as the SOC was charged with simplifying the debate through the compositing of diverse motions, it could also profoundly influence the direction of the debate. Thus, according to the Financial Times (1 July 1975), 'the drive to limit attacks' on the Social Contract at the 1975 BDC was at least partially successful as a number of 'strongly anti-contract motions' were, in effect, 'removed from the agenda through the clever formulation of composite

motions'. One opponent of the Social Contract at that time who was effectively silenced by his presence on the union's executive recalled that the opposition to the platform was poorly organized in the compositing process as too many people wanted to move their own motions (Interview, 2 April 1980). They ultimately opted for the simplest of common denominators: 'That this Conference rejects wage regulations and reaffirms its policy of free collective bargaining'.

If the General Secretary opposed such a motion, which he did in fact do, then it would underline to what degree his position on incomes policy had changed. There was also another opposition motion which simply rejected the Social Contract. However, this motion revealed an important split between those on the Labour left and those with CP or other left political party links. Thus, the different strands of opposition could not agree on a clear alternative to the Social Contract. They could only unite against any form of interference in wage bargaining. The executive-sponsored motion also tread carefully on the question of outside interference in wage bargaining. Expressing support for the Social Contract, it emphasized that the Social Contract was 'in total opposition to any form of statutory wage control and [sought] to sustain the principle of free collective bargaining'. It also indicated that continued union support for the Social Contract was conditional on the fulfillment of the main Manifesto commitments (TGWU BDCM, 1975: No. 20). The outright opposition to statutory wage control was reportedly included at the last minute in order 'to make support for the Social Contract more palatable to waverers on the conference floor' (FT, 2 July 1975). Otherwise, the motion was studiously ambiguous on other forms of wage restraint, only seeking 'to sustain

the principle of free collective bargaining'. In combination with an entirely separate motion on the principle of flat-rate increases for a twelve-month period which was included in the same debate, this was the potential basis for the General Secretary's advocacy of the putative Phase One policy. Moreover, delegates were given a clear choice: they could either support the recommendations of the General Secretary and executive or reject them.

Given, on the one hand, such a stark choice between support and opposition for the General Secretary and, on the other, the TGWU tradition of a preeminent general secretary who could command the absolute loyalty of the union's policy conference, it is perhaps not surprising that the executive-sponsored motions received overwhelming support. The TGWU general secretary had not suffered a significant policy defeat on a political issue at the BDC in the post-war period (Minkin, 1980: 95). Indeed, he had been defeated only twice on any issue (in 1953 and 1957, see Undy, 1978). Typically, at the 1975 BDC, thirty-five composite motions were debated. The thirty-three of those which had executive support were passed. The two that did not were defeated (TGWU GSC, 15 July 1975). As was suggested above, the General Secretary commanded a high level of support from the executive, but also from lay activists and the majority of the officer corps. The platform clearly also enjoyed various structural and procedural advantages.

Yet, in the context of these same advantages and on the same issue at the 1977 BDC, the General Secretary's recommendation was defeated. Thus, it is perhaps useful to scrutinize further the substantive arguments deployed for and against a potential Social

Contract incomes policy at the 1975 BDC and their relative consonance or dissonance with the different internal contexts in 1975 and 1977. It can be argued that there was a veritable discourse of consent for wage restraint within the TGWU and, indeed, within the other sample unions as well. It is possible, moreover, to attempt to decipher these 'dispositions of mind' or 'institutional bases' of the mobilization of consent within the union (on the need to link language and ideas in this way, see C. Wright Mills, 1963b: 474). The different strands of argument for and against support of the Social Contract incomes policies were highly interdependent, virtually inseparable in many cases. They might, nonetheless, be categorized, albeit schematically, into different arguments for support and opposition.

The case for supporting the Social Contract can be split into six approximate categories of unequal weight. First, as epitomized by the Social Contract, there was the need for unity in the wider Labour movement. Thus, it was imperative to support a Labour Government. Secondly, there was the positive record of the Labour Government, including the repeal of the Industrial Relations Act, pension increases, health and safety legislation, not to mention the promise of future advantageous measures. Thirdly, there was the question of social justice. The low-paid and the unemployed were always the most vulnerable in a period of crisis and high inflation. A scheme which demanded 'equality of sacrifice' or a 'fair-for all' as opposed to a 'free-for-all', as Jones phrased it, was therefore preferable. Fourthly and vitally, there was the organizational imperative. Externally, this required solidarity with the wider trade union movement and, particularly, the lead given by the TUC

General Council. Internally, this translated into respect and loyalty to collective decisions and the lead given by the General Secretary. That the internal and external leads were identical highlighted the pivotal role of the TGWU General Secretary and, in this case, reinforced his authority. Certainly, the General Secretary maintained an extraordinary degree of both organizational authority and personal charisma. In terms of organizational authority, it was noted above that the TGWU general secretary commanded near universal loyalty at conference. Moreover, Jack Jones, like Cousins, Deakin and Bevin before him also enjoyed the attributes of personal charisma. Certainly, the charismatic factor was integral to the myth of the TGWU general secretary (see Chapter 4), but it was also conceivable that the requisite leadership qualities were part of its self-recruiting ordinance. One grudging admirer, an opponent of the Social Contract on the TGWU executive, noted that Jack Jones was at the peak of his leadership at the 1975 BDC. He had real credibility and 'the lads had a lot of faith that he would do the trick' (Interview, 9 September 1980). Fifthly, there was a 'national interest' argument which suggested that the trade union movement had wider responsibilities than the narrow pursuit of collective bargaining. A variation on this theme involved the idea that the union should opt for what the majority of working people were prepared to accept in relation to their families, rather than be swayed by the political militants. Finally, there was a range of pragmatic arguments. Consent or a voluntary policy was preferable to the inevitable alternative, a statutory policy. The alternative to the present Labour Government was not a government further to the

left, but a 'reactionary' Conservative government. While the union was normally against any interference in bargaining, the policy was aimed to alleviate the crisis, and was only for a year, not forever. Thus, it was argued that there was no alternative; it was a question of pragmatism.

In a powerful concluding speech, Jack Jones covered the range of arguments in favour of the Social Contract. Alluding to the Cabinet's emergency meeting, he noted that the depth of the crisis could not be overstated. 'I think you will see that within a very short space of time' (TGWU BDC, 1975). This imposed two interlinking obligations: defence of the Labour Government and defence of trade union members, especially the weakest sections in the labour market.

I do not believe in wage restraint as a normal policy. You know that...I do believe, however, in a Labour Government and we would be fools or pygmies to let this Government collapse. In all history there have been times to advance and times to stand still, even retreat a little in order to advance later on. That time is now. The dangers are very great indeed (ibid.).

In the context of massive unemployment, Jones argued, there was no such thing as free collective bargaining. Thus, he concluded that in 'this period of set-back our stand must be equality of sacrifice, not destruction of the Labour Government' (ibid.).

The arguments in favour of supporting the Social Contract and the General Secretary's policy initiatives within the TUC General Council proved a powerfully persuasive case. Although deployed in different mixtures and with dissimilar emphasis by the various supporters of the platform's position, the six strands of appeal for consent might be summarized as six principles: unity, instrumentality, social justice, solidarity and loyalty or community, national interest and priority. This was the discourse of consent.

It might be thought of as a complex series of 'ideological interpellations' or identities which were directed towards the mobilization of consent among the delegates at conference. The notion of an ideological interpellation or identity springs from the view that ideologies are 'ongoing social processes' which constantly address or interpellate us and unceasingly constitute and reconstitute the image of who and what we are (see Therborn, 1980: 78). A single human being may act as an almost unlimited number of subjects. In the course of any one day, a large number of subjectivities or identities are, in fact, acted out: as employee or employer; as father, mother, son or daughter; as trade unionist; as citizen; as colleague or comrade; and, so on. These identities or subjectivities co-exist and compete in complex psychic structures which, far from monolithic, are fields of conflicting forces. Therborn (ibid.) continues:

Ideologies differ, compete and clash not only in what they say about the world we inhabit, but also in telling us who we are, in the kind of subject they interpellate. And these different interpellations of what exists are usually connected with different interpellations of what is right and what is possible for a subject.

In other words, ideologies call up different identities in us which can suggest possible courses of action and differentiate the realm of the possible from the realm of the impossible. Of particular importance are the organizational structures in and from which individuals call up different identities.

Therborn's use of this concept is perhaps unnecessarily obtuse, but the insight is extremely useful. In terms of the TGWU BDC, particularly in such a clear organizational setting, consent for the platform's policy initiatives was consciously and unconsciously

organized around certain types of identities and issues. When speakers called on delegates to support the position of the general secretary, for example, they consciously or unconsciously called up various images and identities pertaining to organizational unity and individual loyalty. Similarly, when a contributor to the debate referred to particular regional or industrial experiences, they necessarily privileged some kinds of identities over others - national interest or social justice, for instance, as opposed to instrumentality. In this sense, a complex series of 'interpellations' were directed at the delegates through the discourses of both opposition and consent. There was no single coherent discourse of consent. Rather, there was a series of complex, competing and even conflicting appeals to a heterogeneous constituency. Each identity evoked a variety of traditions and experiences within the individual, the union and the trade union movement. Unity called up the long history of 'labourism' and support for the Labour Party. Instrumentality pointed the way towards the political benefits that might accrue through cooperation in a wage restraint programme. Social justice was one of the predominant, normative aims of the trade union movement. Solidarity and loyalty, as discussed above, were the guiding principles of trade union action. National interest appealed to the trade unionist as citizen, perhaps particularly those who understood their citizenship separately from their union activism. Priority evoked the 'here and now'; it suggested the path of 'least worst' alternatives - a kind of minimal instrumentality (see Chapter 3). Each of these strands interacted with particular identities in their diverse organizational

settings and, necessarily, in a highly differentiated way.

Perhaps underscoring the relative power of the platform and the general secretary's traditional capacity to mobilize conference support for his positions, the opponents of the Social Contract, in contrast to its supporters, seemed obliged to operate from a more defensive or reactive stance. They had to refute the case advanced by the platform and its supporters. Their arguments, therefore, can be roughly counterposed to those which favoured the Social Contract. Once again, their order of exposition is not a guide to their relative importance.

First, it was argued that appeals to unity and loyalty to the Labour Party should not be allowed to impair rational judgement of the facts. Unity should be the basis on which trade union objectives can be achieved, not a reason for suppressing those objectives. Secondly, opponents argued that the Labour Government had failed to fulfil its Manifesto commitments. They maintained that there was widespread disillusionment at the Government's failure to implement more 'socialist measures'. Thirdly, it was suggested that wage restraint would not help the low-paid and the unemployed. Trade unions had a duty to defend living standards. The best way to do this was through free collective bargaining. The wage increases foregone in the strongest bargaining units would not be transferred to the weakest. Fourthly, opponents emphasized that the integrity of the General Secretary was not in question, nor was solidarity with the wider trade union movement. Everyone in the union was bound by the collective decisions of the organization. It was precisely such a decision that was the topic of debate. The union had a duty to carry out its normal bargaining functions in order to protect and

advance the living standards of its members. Shop steward autonomy was the proper basis for the pursuit of these functions and the defence of living standards. Moreover, the TGWU would not be isolated by a decision to oppose the Social Contract as the AUEW had already opted to pursue free collective bargaining. Fifthly, it was argued that Britain's economic problems were the result of a 'crisis of capitalism'. Trade unionists should, therefore, resist arguments that working people were the cause of the problem or that they should seek to solve these problems 'in the national interest'. As long as capitalism prevailed, it was argued, there would be injustice and economic crises as they were inherent to the system. The union, therefore, should not fall prey to the propaganda directed at working people and intended to make them endure the sacrifices needed to rectify capital's immediate economic problems. Finally, asserting the socialist conception of the Social Contract, it was held that there were socialist alternatives to the kinds of package being explored by the TUC and the Government, but they were not being pursued.

The discourse of opposition is less easily categorized into defining principles. As is characteristic of the nature of opposition, it had to counter the position of the platform in favour of a renewed Social Contract involving a flat-rate pay policy. Opponents had the unenviable task of attempting to refute the specific appeals to unity, solidarity and loyalty, while not challenging their validity as guiding principles for trade union action. The language of opposition had also to demonstrate that the promises of the Labour Government had not been fulfilled and that

social justice would not prevail in a capitalist system, while not challenging the dominant ethos of 'labourism' or the support of the union for the Labour Party in government.

Opponents of the executive and General Secretary recommendations, therefore, organized their dissent around two basic ideological counter-appeals. First, there was the appeal to the pursuit of trade union objectives and the defence of living standards through the mechanisms of free collective bargaining and industrial autonomy at the level of the workplace or trade group - which had, after all, been the essence of leadership-sponsored reform in the union over the previous two decades (see Chapter 4). Secondly, there was the appeal to the existence of socialist alternatives to the crisis of capitalism. In the first case, there was a very strong appeal in many trade groups and regions, but the implications of reduced bargaining autonomy were not immediately apparent. As was presaged in the discussion of the industrial impact of Phases One and Two in the preceding chapter, this first appeal would prove much more powerful in the mobilization of opposition by the time of the 1977 BDC. In the second case, even the acceptance of the idea of a 'crisis of capitalism' entailed neither an immediate willingness to distance the union from the leadership of the Labour Government nor the existence of any systematic vision or organization of a socialist alternative.

The prospects for the immediate articulation of a viable alternative must have seemed remote. Certainly, as was explored in Chapter 6, this highlighted both the weakness of unions as primarily reactive organizations and of their leaderships' lack of longer-term strategy. Moreover, although there was no specific requirement for internal consistency between the different strands in the discourses

of opposition and consent, an appeal to the maintenance of the market price mechanism - free collective bargaining - might conceivably have seemed anomalous when coupled with an appeal for socialist alternatives to the Government's policies, particularly when the primary vehicle of such alternatives was to be the Labour Party. Certainly, it appeared difficult to organize a larger mobilization of delegate opinion around such an oppositional political strategy, particularly in the face of platform opposition and given the prevalence of competing political strategies (see Chapter 3).

The language of consent and opposition both reflected and directed its appeals to the subjectivities of atomized individual, patriotic citizen, brother or sister trade unionist, loyal Labour Party member, or 'comrade socialist', to name but a few. It also communicated with the subjectivities or identities associated with particular regional and trade group membership. Delegates to the BDC were, after all, representatives of their workplace, branches, trade groups and regions - both accountable to and products of these units. Events and experience were aggregated and often interpreted or given a collective meaning at these levels. Indeed, appeals could be directed to these particular meanings. These organizational divisions were important collective repositories of different material interests, historical developments and traditions and varying attitudes within the union.

Occupational, workplace, branch, industrial and regional differences all structure, inform and colour attitudes to political and industrial policies, not least of which, pay policies. However, the way that they do so is necessarily complex. The experience of the

hospital cleaner in Wales was, of course, not necessarily that of the London docker - yet both were members of the same union organization and present at the same policy conference. Attitudes can be the reflection or the refraction of different material interests both in relation to the deeper composition and development of capital and to more immediate forms of pay determination. They are also significantly influenced by variations in collective tradition by region, by industry and by occupation. Nor can they be divorced from different degrees and types of consciousness which are, in turn, the products of past experience and material interests - both individual and collective. The link between consciousness and social action, both in relation to trade unionism and more generally, is especially problematic.

This study can, at best, attempt to identify certain key relationships in the mobilization of consent and opposition to wage restraint. As such, it can tap some dimensions of activist and officer consciousness, since they were the primary sample for interview data, without further examining the mechanisms and operation of such consciousness. It does not, therefore, grapple with the full complexity of the ideological dimensions of both consent and opposition. On the basis of the interview and documentary evidence, this study contends that certain relationships are more salient in the mobilization of consent and opposition, particularly in terms of different organizational settings. However, the level of analysis is confined to the identification of certain patterns of association. The research design does not, for example, tackle other important ideological dimensions, such as the impact of relative levels of political activism, in the preparedness of

conference delegates to embrace voluntary pay policies or not. Nor can it adequately gauge the impact of particular technological and economic constraints on relative dispositions to pay policy, whether they be payment systems or relative levels of profitability and demand in particular work settings. It is at this point that the exploration of relatively fluid political strategies and their attendant understandings of state and economy, as explored in Chapter 3, must be placed in the context of particular material and organizational settings. This study suggests that certain kinds of strategies, regardless of union, are more likely to be associated with certain organizational settings. It is not, however, designed to offer other than conjectural explanations as to why. A rigorous explanation would require a more sensitive micro-level research design.

In most of the sample unions, the most important intra-organizational differences for the mobilization of both consent and opposition were either regional or industrial. As has been argued above, union executives and policy conferences were the key levels at which formal consent was achieved. Such bodies, however, were generally composed of either regional or industrial representatives or both. In the TGWU, for example, given its large size, extensive industrial coverage, and structure of government, both regional and industrial groupings provided a focus for the aggregation and articulation of policy. Particular branches or districts or companies might, of course, be the vehicle for the expression of opposition or support. This opposition or support, however, would then have to be aggregated at regional or industrial level. While

such divisions are not the exclusive intermediaries in the implementation of union consent and opposition for voluntary incomes policies, they are undoubtedly central to this process, as both formally and informally they to some degree must reflect the essential internal dynamic between policy-making and industrial practice. In terms of both organizational culture and the actual impact of pay policies, the response to Phases One and Two within the sample unions appeared to be highly differentiated. It is, therefore, interesting to look at the patterns of association between opposition and support for incomes policies, on the one hand, and regional and industrial groupings, on the other.

Short of large-scale survey evidence, it is difficult to establish such patterns with any certainty. Chapter 8, in particular, will attempt to chart some of the specific expressions of opposition to the Phase One and Two policies, especially as they were manifested in industrial and/or regional terms. Before these policies had had any impact, however, it is interesting to chart apparent predispositions to such policies in terms of particular organizational divisions. One possible indication of such dispositions can be obtained from the delegate contributions in BDC pay policy debates. While such contributions are obviously biased towards the most politically active lay members of the union, they do provide a measure of support or opposition for the general secretary's recommendations on pay guidelines. In the TGWU, moreover, it is possible to identify the industrial and regional provenance of each of the speakers in the debates. Contributions to a debate are initially self-selected, but then subject to the discretion of the chairperson before they are allowed to speak.

However, the BDC Chairman purportedly seeks to obtain some regional balance in contributions to major debates (Interview, 4 September 1980). Moreover, because of the selection procedure, delegates from each region to the TGWU BDC generally reflect the industrial composition of that region (Interview, 16 December, 1980). Thus, from an analysis of the the key pay policy debates at TGWU delegate conferences, it is possible to gain a fairly reliable picture of whether or not particular regions or trade groups are over- or under-represented.

Table 7.1 illustrates these variations in terms of over- and under-representation in consent and opposition to platform recommendations in favour of an understanding on discussions about pay guidelines. In order to identify better the trends, Table 7.1 is based on the larger sample of both the 1973 and 1975 debates. They were roughly comparable in their structure. Of a total of thirty-three speakers in the 1975 debate, seventeen spoke in favour of the platform recommendation to support the Social Contract and the principle of a flat-rate pay policy for a limited period and sixteen spoke against. The 1973 debate concerned whether or not the union should continue to engage in talks with the Heath Government about economic policy. Thirteen lay contributors supported the platform recommendation to continue such talks, while fifteen speakers opposed. It should be emphasized that in each debate the platform recommendations were overwhelmingly endorsed. The virtually equal division of the participants into categories of consent and opposition did not, therefore, reflect the ultimate voting patterns. Rather, the identification of the participants provides a means of

locating potentially active pockets of consent and resistance on the basis of different organizational divisions within the union. This will be further supplemented below in reference to challenges to or support for Phases One and Two by either regional or national trade group committees within the TGWU. These two dimensions are then combined to arrive at a composite profile in terms of consent and opposition to pay policy. The implicit assumption is that a trade group or region should probably be evenly represented in terms of opposition and support at a level approaching the proportional weight of its percentage of total membership within the union. Thus, it is assumed that there will be more contributions both for and against pay policy from the larger regions and trade groups than the smaller ones. Variations from this norm suggest a propensity in one direction or another. If a region was strongly under-represented in terms of its contributions to support a pay policy and over-represented in its opposition to such an approach, as was the case in the London region of the union, then it would result in a fairly clear oppositional profile. On the other hand, if a region or trade group was either under- or over-represented in terms of both consent and opposition, then the signs would tend to cancel each other out, resulting in a not particularly clear profile.

The tentative nature of the results must be emphasized, particularly in the light of the relatively small sample size. (Table 8.1 follows an identical procedure for the 1977 BDC but on the basis of a larger sample size.) However, even in considering only the largest composite variations, Table 7.1 does suggest certain trends in terms of regional and industrial patterns of consent and opposition. It appears, for instance, that delegates from the docks,

TABLE 7.1

TRADE GROUP AND REGIONAL VARIATIONS IN CONSENT FOR AND OPPOSITION TO
PAY POLICY AT THE 1973 AND 1975 TGWU BIENNIAL DELEGATE CONFERENCES:

Relative Over-and Under-Representation in Speaker
Contributions to the Main Pay Policy Debates.

TRADE GROUP	Number of Speakers		Over-and Under- Representation		Composite Profile (+ = consent - = opposition)
	FOR	AGAINST	CONSENT	OPPOSITION	
Automotive	4	6	+3.9	+10	-6.1
Building	3	3	+5.5	+5.2	+0.3
Chemical	2	2	-0.4	-0.6	-0.2
Clerical	2	1	-0.2	-3.7	+3.5
Commercial	2	4	-4.2	+2.	-6.2
Docks	0	5	-2.6	+13.5	-16.1
Food	2	3	-4.4	-1.4	-3.0
General	4	0	+0.6	-12.7	+13.3
Passenger	2	2	-0.5	-0.7	+0.2
Power	4	3	-0.5	-4.1	+3.6
Public Services	2	2	-3.7	-3.9	+0.2
Total	27	31			
REGION					
1. London	5	9	-9.2	+3.1	-12.3
2. Southern	0	1	-5.1	-1.9	-3.2
3. Southwest	4	2	+6.1	-0.7	+5.4
4. Wales	4	1	+7.6	-2.5	+10.1
5. Midlands	5	5	-1.1	-1.7	+0.6
6. Northwest	0	7	-11.8	+10.8	-22.6
7. Scotland	4	4	+4.5	+4.1	+0.4
8. Northern	1	0	-1.1	-4.4	+3.3
9. Yorkshire	5	1	+12.	-1.5	+13.5
10. Humberside	1	0	+0.3	-3.	+3.3
11. Ireland	1	0	-1.7	-5.	+3.3
Total	30	30			

Source: TGWU BDC 1973 and 1975; and TGWU BDCM, 1973 and 1975.

Notes: Proportional over- and under-representation is measured as the difference between the percentage of speakers contributing to the consent and opposition positions and a particular trade group or region's relative percentage of membership within the entire union. The composite profile is the sum of the consent and opposition percentages where one of the signs is reversed in order to calculate the total.

commercial services and automotive industrial groups demonstrated a discernible propensity to speak against the platform recommendation in favour of pay policy. Delegates from the general workers group, on the other hand, spoke in favour of consent. Similarly, there was a definite tendency for speakers who opposed the platform to come from either the London area or the Northwest. Delegates from the Southwest, Wales and Yorkshire, on the other hand, showed a marked tendency to lend their consent to the platform recommendations in favour of the Social Contract. Interview evidence given by TGWU activists and officials confirmed these patterns. They corresponded to the prevailing political 'folk wisdom' or 'common sense' within the TGWU. London and Liverpool, for instance, had a particular history of challenges to the platform at conference or headquarters within the union more generally. On the other hand, the general secretary could almost invariably count on the support of regions such as the Southwest, Northeast, Yorkshire and Wales as well as the majority of others. Similarly, opposition to pay policy tended to be particularly strong in the docks, automobile, engineering and road transport industries. In contrast, relatively low-paid workers in the public services and general workers trade groups were less inclined to be vociferous opponents of pay policy (Interviews, various dates).

The executive recommendations were in fact overwhelmingly approved at the 1975 BDC. The Financial Times (2 July 1975) reported that fewer than one hundred of the thousand delegates present voted against the platform. The support of the policy conference of the TUC's largest affiliate virtually assured TUC approval for the results of impending negotiations with the Government on the Phase

One pay guidelines. Moreover, the TGWU had significantly, albeit temporarily, reversed its policy on the priority to be accorded to free collective bargaining.

In conclusion, it is clear that the position of the General Secretary carried the day. However, as was suggested above, this is not a sufficient explanation because the General Secretary did not successfully organize formal policy consent at the 1977 BDC. Yet, it is difficult to distinguish precisely on what basis the 1975 decision was made. The interpellations for support were received in a complex setting in which the appeals to unity, instrumentality, social justice, solidarity and loyalty, national interest, and priority would have different and varied effects. In organizational terms, the platform had numerous resources at its disposal to ensure support. Such resources included the appeal to regional loyalties in support of the platform, the influence of the General Secretary on the officer corps and their influence on the delegates, greater access to information, greater procedural flexibility including the influence of the Standing Orders Committee on the favourable definition of the debate, and, of course, the overwhelming tradition of leadership authority within the union. To this latter factor must be added Jones's exceptional reputation and the loyalty and credibility that this commanded among activists. Moreover, in industrial terms, the substantive aspects of a flat-rate wages policy were potentially highly acceptable to the union's large, lower-paid membership. In terms of sectional bargaining and inter-union claims, a flat-rate approach favoured the general union vis-a-vis craft and white-collar unions. The actual implications for workplace

bargaining autonomy had not yet been experienced. The bifurcation of policy-making and industrial bargaining meant that conference delegates were voting for the policy outside of their particular industrial settings. In a sense, they expressed that classic disjuncture between universalistic and particularistic: wage restraint for all, though not necessarily for themselves. Nor, given the state of flux in the negotiations at that point, were the wage restraint implications as yet entirely clear. Indeed, it was widely rumoured at the conference that the flat-rate sum might be as much as eight or ten pounds (Interviews, various dates). Certainly, there was also considerable apprehension about the continued consequences of such high and volatile rates of inflation. In the six months immediately prior to the BDC, real weekly take-home pay had experienced a precipitous decline, larger than any other quarterly decline during the Social Contract period (see Figure B.2, Appendix B). Finally, in substantive political terms, there was a strong ethos in favour of both the Labour Party and the Social Contract. No doubt, Jones's and the Government's marketing efforts had had some impact. One full-time official, a Communist Party member opposed to the Social Contract pay policies, recalled that after the 1975 BDC decision he had expected some kind of hostile membership response, but Jones, he said, had effectively 'read the "popular mood"' (Interview, 14 March 1980). While there were a few isolated challenges to the executive's July decision to support the Phase One guidelines, such as that of the London region committee (see above), consent and/or acquiescence appeared to be the predominant reaction within the union.

Conferences in Other Unions

Although some of the sample union policy conferences took different positions to that of the TGWU during the Phase One and Two period, they generally followed a comparable pattern. First, discussion of incomes policy and/or the Social Contract was a central feature of their deliberations in both 1975 and 1976. All of the sample unions held policy conferences in 1975 and only the FBU annual policy conference and recalled conference did not have a substantive debate on the Social Contract. Instead, it focused on the union's work-to-rule campaign (see above). Neither NUPE or the TGWU held policy conferences in 1976. Otherwise, all of the other sample unions determined their position on Phase Two at their 1976 policy conference. Secondly, all of the sample union policy conferences adopted the policy position recommended by their executive. This was less clearly the case with the AUEW executive, particularly in 1975, when the factional divisions within the executive were such that any policy messages were either highly ambiguous or completely contradictory. However, by the spring of 1976, the AUEW executive was unambiguously in favour of the Social Contract pay policies and this approach was also reflected in the union's National Committee. Thus, with the possible exception of the AUEW in 1975, in the case of both support and opposition for pay policy, union policy conferences were supporting the messages transmitted downwards by union leaderships.

Most of the union policy conferences in 1975 took place prior to any detailed TUC-Government negotiations over the substance of a possible Phase One. Only the TGWU BDC in early July debated the Jones proposal for a period of flat-rate wage increases in any

detail. Most of the other union leaders concentrated their efforts on securing a degree of policy flexibility from their union conferences and ensuring the defeat of outright opposition to the principle of a Social Contract. The NUPE executive, for instance, successfully recommended the rejection of an anti-Contract composite motion. At the same time, in what the TUC General Secretary himself hinted to the NUPE conference was out of line with the spirit of the Social Contract, it supported a high minimum wage target for the next bargaining round (NUPE AC, 1975; also DT and MS, 21 May 1975). Similarly, the GMWU executive endorsed a pro-Contract composite, but also ensured, albeit narrowly, the defeat of a motion seeking the same minimum wage target as that which had been endorsed by the NUPE conference (GMWU AC, 1975). David Basnett specifically argued the need to maintain a high degree of policy flexibility in the light of the impending TUC-Government negotiations (ibid.: 433-434). The unusually close vote in favour of the platform recommendation, 202 to 173, was more an indication of the depth of substantive support for the low-paid in the union than it was a desire to limit GMWU leadership discretion.

Even the ASTMS leadership which appeared most vehemently opposed to any possibility of wage restraint sought to maintain a degree of policy flexibility, what Clive Jenkins referred to as 'the freedom to defend our members'. Thus, on the recommendation of the executive, the delegates to the ASTMS conference voted to refer two anti-Contract motions to the executive even though the sponsor of one of those motions was vehemently opposed to such a procedure (ASTMS AC, 1975). Describing himself as a man of 'the extreme centre', Jenkins

remained adamantly opposed to wage guidelines but he still appeared reluctant to repudiate the principle of a Social Contract.

The AUEW provided a typically more complex scenario in which its policy process was the subject of vicissitudinous factional strife. The Engineering Section's National Committee narrowly voted, twenty-six to twenty-five with one abstention, not to debate the Social Contract referring it instead to the joint policy conference of the four amalgamated sections of the National Conference (AUEW NCR, 1975; FT, 23 April 1975). This was tantamount to a rejection of the Social Contract as the National Conference, dominated by the left faction, indeed repudiated the Social Contract by a thirty-nine to twenty-nine margin. It did so despite the President's somewhat ambiguous message in favour of retaining the status quo on the Social Contract Mark One - neither in favour of rejecting it nor of formulating a Social Contract Mark Two to succeed it (AUEW AC, 1975; also AUEWJ, July 1975; MS, 18 June 1975). The decision to refer the debate about the Social Contract to the National Conference was regarded by the moderate faction as a tactical blunder on the part of its adherents on the Standing Orders Committee as it would, in fact, have been able to muster a pro-Contract majority on the National Committee (Interview, 26 February 1980). Thus, when the AUEW executive recalled the National Committee in December to reconsider its policy in the light of TUC support for Phase One, the Engineering Section policy conference endorsed the six pound policy in a thirty-two to twenty vote (AUEW RNCR, 1975; FT, 19 December 1975). The unexpectedly large margin of support indicated that all of the 'floating' voters and even one or two of the Labour supporters not normally aligned with the moderate faction had opted to support

Phase One.

All of the sample union policy conferences endorsed their leadership recommendations on Phase Two. The GMWU, FBU and ASTMS executives each submitted special motions to their respective conferences which, though subject to some critical debate, were approved by large margins. The GMWU and FBU executives recommended support of Phase Two (GMWU AC, 1976; FBU AC, 1976). The ASTMS executive submitted a motion which was 'critical of' the Phase Two deal. A number of delegates to the ASTMS conference attempted to secure outright 'rejection' of the TUC-Government agreement, but the platform prevailed by a margin of 380 to 321 votes in its request that the more critical motion be referred to the executive (ASTMS AC, 1976). The AUEW executive did not submit any special motion to its 1975 National Committee. However, both the President and the moderate majority on the executive were in favour of observing Phase Two and articulated this approach at the union's policy conferences. Indeed, the President suggested that he would no longer be able to participate in the discussions of the NEDC Six if the support of the union for Phase Two was not forthcoming (Guardian, 18 May 1976; Interview, 30 April 1980). The moderate faction also held a majority on the 1976 National Committee; though it only narrowly secured a Standing Orders Committee decision to debate the Phase Two policy at the level of the engineering section conference as opposed to the National Conference (Guardian, 18 May 1976). Indeed, there were strong signs of disaffection on both the right and left about the impact of Phase One on engineering industry differentials, particularly in the bastions of moderate support in the West Midlands

where there had been a number of differentials disputes in the toolrooms of different companies (Interviews, 14 and 28 March 1980; on the dispute at SU Carburettor, for instance, see Sunday Times, 26 March 1976). However, the moderate faction duly opted to cast its 'reluctant support' for the Phase Two policy and it was passed by a twenty-nine to twenty-two vote with one abstention (AUEW NCR, 1976; MS, 19 May 1976). It then made the controversial decision to mandate the fifty-two engineering section delegates to the National Conference of the four amalgamated sections. Since the National Conference had a total of only sixty-nine delegates, this decision, supported by the President and the great majority of executive members, effectively pre-empted any joint policy-making role on the Social Contract at National Conference. To register their protest at this new invention in the labyrinth of AUEW politics, a number of the delegates to the National Conference simply refused to participate in the voting. Thus, Phase Two was supported at the AUEW National Conference by a margin of thirty-six to nil with two abstentions and twenty-one other no votes (AUEW AC, 1976; The Times, 25 and 27 May 1976).

The sample union leaderships were to varying degrees able to organize and mobilize consent for their recommended policy positions at the key level of the policy conference. However, the relative facility with which they did so or the limits imposed on leadership discretion in the mobilization of consent for leadership policy recommendations at union policy conferences requires further brief analysis of some of the structural, procedural and substantive variations in the conference policy-making of the sample unions.

The union policy conferences varied significantly in size,

frequency and duration. The conference of a small industrial union such as the FBU consisted of approximately two hundred and fifty delegates meeting annually for a period of three or four days. It considered union negotiating strategy and objectives in some detail and was subject to relatively frequent recall in order to assess the progress of particular claims. The AUEW National Committee was somewhat similar in format, but, remarkably in the case of one of the largest of British unions, was much smaller in size. It consisted of just fifty-two delegates plus the executive and met annually for at least two weeks. The same delegates also attended the amalgamated union's joint policy conference. As in the case of the FBU, the AUEW National Committee was also subject to periodic recall to consider particular issues of bargaining policy. In keeping with its attempts to sponsor a more participative mode of union decision-making, NUPE moved from a biennial to annual conference format in 1977. It considered some detailed industrial questions at its annual conference, but its public sector membership was sufficiently dispersed in various bargaining units that it had developed separate mechanisms to deal with particular wage claims. Its conference tended to break into different sectional groupings to consider detailed sectional policies. Otherwise, the conference took the form of very large plenary sessions. The sample unions with multi-sectoral membership such as the TGWU, GMWU and ASTMS had much larger policy conferences: over a thousand delegates in the case of the TGWU and more than five hundred in the other two unions. These conferences focused on general policy orientations leaving detailed bargaining policy to trade groups, industrial conferences or industrial advisory

committees. The GMWU Congress convened annually for five days. The ASTMS conference also met annually, but for only three days. The TGWU BDC met for five days every other year. All of these unions had provisions in their rulebooks to recall their policy conferences. In practice, however, such recalls only rarely, if ever, occurred. It would appear that the relative policy discretion of union leaderships or the platform at conference was favoured by less frequent, larger and shorter conferences. Thus, the AUEW leadership was at least in theory bound by the long and detailed debates of its small policy committee. The policy initiatives of the general union leaderships, on the other hand, were only rarely reversed and the executives of these unions were left to consider in detail a whole range of issues which there was little time to debate at conference or, in the case of biennial conferences, on which policy had been superceded by events.

The delegate selection process, their relative accountability and the various methods of structuring their policy choices also exercised a crucial influence on the organization of consent and opposition to leadership policy preferences at union conferences. Delegates to the ASTMS, NUPE and FBU conferences, for instance, were present as representatives of particular branches or, in the case of the FBU, brigades (ASTMS, 1979; NUPE, 1978; FBU, 1978). They, therefore, tended to reflect, if not be bound by, particular branch policy preferences where such preferences were clear. However, the final terms of a debate often gave much greater discretion to the individual delegate and other forms of influence thus assumed a greater importance. Delegates to the AUEW National Committee were elected by their particular divisional committee and were clearly

identified by division in all National Committee votes. They, therefore, were subject to a very close divisional accountability exacerbated, as will be discussed below, by the effects of the union's system of factional organizations. TGWU and GMWU conference delegates, on the other hand, were nominated by particular branches but elected within the region and, in the case of the TGWU, regional trade group (TGWU, 1979b; GMWU, 1979; also Harrison, 1960: 149-150). Thus, their lines of accountability tended to be rather weaker than in the case of delegates representing a single branch or brigade. They were possibly more open to the substantive argumentation of the platform. However, both in the case of the two general unions and the other unions with branch or brigade representation, conference delegates were also subject to a variety of other kinds of influence on their policy proclivities, quite apart from the actual procedure and terms of the debate. These other methods could be both formal and informal: the subtle and not so subtle influence of full-time officers on the selection and policy processes; the operation of particular networks such as political parties, factions, and oppositional groups; or more formal systems of mandating such as regional delegation meetings or the policy position of particular industrial or territorial committees. Such forms of influence were probably among the most important determinants of conference delegate behaviour.

The outcome of GMWU conference policy-making, for instance, was almost invariably in support of the platform. This consistency of support reflected much about the ethos of the union, but the mechanism that ensured such a consistent expression of support for

leadership policy recommendations was the system of regional mandating. Delegates attended the conference as part of a regional delegation. Indeed, it was clearly indicated that delegates did not represent any particular branch and could not be mandated by a branch (GMWU ACA, various). Rather, the regional delegation traditionally met prior to the beginning of conference and determined its attitude to various motions under debate. Delegations were then mandated and voted on block as a region. Such a system generally worked in support of the platform. The most influential members of the regional delegation, namely the regional secretary and key lay members on the regional committee, were also members of the union executive. Thus, they were party to the recommendations of the platform. They were able to work within the regional delegation in support of executive recommendations making the arguments in favour of particular policies, using their real influence within the region to this end and discouraging the articulation of oppositional motions or alternative approaches. They could, therefore, secure a regional mandate for the executive approach well before the issue had been debated on the conference floor. If support did not appear to be assured, the executive might tailor its response accordingly. Oppositional voices within each region were thus obliged to vote for executive policies. If some did speak against them, as in the case of the opponents of the Social Contract, then they indicated that they spoke without the support of their region (see, i.e., GMWU AC, 1975 and 1976). Delegates had periodically protested at the operation of this system and, in 1974, actually opposed a platform recommendation in narrowly supporting a motion which favoured free votes on issues of principle or motions coming from other regions (GMWU AC, 1974; FT

and MS, 5 June 1974). However, the system of regional mandating at GMWU conferences appeared to be largely operative during conference debates on the Social Contract incomes policies (Interviews, 5, 6 and 7 September 1979 and 4 September and 2 October 1980). Indeed, as protest over the impact of the policies gathered, it became possible, despite the predominant downwards mediation of executive policy recommendations within the discussions of regional delegations, for opponents of the pay policies to capture a majority within certain regional delegations, such as in Liverpool and London, and mandate that delegation against the platform recommendation (Interviews, 4, 5 and 6 September 1979 and 2 October 1980; see also Chapter 8). Thus, one of the principal mechanisms in the mobilization of consent at GMWU Congress could also, in changing circumstances, be used for the organization of opposition within the policy conference.

AUEW policy conferences tended to be altogether more volatile. This volatility resulted from both the operation of factional political organizations within the union and the relative numerical balance between the factions. Thus, policy outcomes were largely structured by factional organization. As was suggested in Chapter 5, the procedural and substantive variations in the organization of AUEW conferences only appeared to be important in the case of a relative equality between the moderate and left factions. Then, all of each faction's resources might be deployed in an effort to sway the handful of floating delegates who were attached to neither factional organization. Factional organization, of course, worked primarily towards the selection of delegates within the divisional committees. Thus, considerable organizing efforts were made in the autumn of each

year in an attempt to swing the balance in key branches, then in key district committees and, finally, at the level of the divisional committees (Interviews, various dates).

Table 7.2 illustrates to what degree divisional delegates to AUEW policy conferences were subject to factional loyalty. It summarizes sixty-eight selected National Committee and Conference votes held in the period under investigation in this study on the basis of the percentage of times the two delegates from each division have voted with the left faction. Thus, very high percentages indicate an attachment to the left faction and very low percentages indicate an adhesion to the moderate faction. The results have further been divided between votes on pay policy issues and other political and economic issues. What emerges is the very strong factional propensity associated with certain divisions. In the sample of twenty-eight votes on pay policy between 1973 and 1979, six of the twenty-six divisions voted with the left faction one hundred per cent of the time and another five divisions voted with the left at least seventy-five per cent of the time. Similarly, five divisions voted with the left less than ten per cent of the time and another seven divisions voted with the left less than twenty-five per cent of the time.

The significance of some of the regional attachments to the left or right factions will be considered in the context of broader regional patterns within the sample unions (see Tables 8.2 and 8.3). Most significant in these regional patterns for the internal political process of the AUEW was that only three divisions, two in the northeast and the Lincoln/Hull/Grimsby division, were somewhere in between the strong factional alignments. In fact, the two

TABLE 7.2 FACTIONAL VARIATIONS BY DIVISION IN AUEW(E) NATIONAL COMMITTEE AND NATIONAL CONFERENCE VOTES ON PAY POLICY AND OTHER SELECTED ECONOMIC AND POLITICAL ISSUES 1973 - 1979

DIVISION NO. & AREA	PROPENSITY TO SUPPORT THE LEFT FACTION:			FACTIONAL POLICY PROFILE
	a PAY POLICY (n=28) %	b OTHER POLITICAL and ECONOMIC ISSUES (n=40) %	a + b ALL (n=68) %	
1. Ireland	25	55	42.7	F/M
2. Dundee	100	100	100	L
3. Edinburgh	7.1	20	14.7	M
4. Glasgow	100	97.5	98.5	L
5. Renfrewshire	7.1	20	14.7	M
6. Tyne & Wear	42.9	45	44.1	F
7. Teeside	46.4	37.5	41.2	F
8. Preston, Lancs.	75	50	60.3	F/L
9. Yorks (Leeds & Bradford)	21.4	35	29.4	M
10. Bolton	100	100	100	L
11. Salford & Manchester	100	100	100	L
12. Lincoln, Hull & Grimsby	60.7	75	69.1	F
13. Sheffield	75	87.5	82.4	L
14. Derby	10.7	20	16.2	M
15. Liverpool	82.1	87.5	85.3	L
16. Birmingham	7.1	5	5.9	M
17. Coventry	7.1	5	5.9	M
18. Cardiff	10.7	22.2	17.5	M
19. Bristol	14.3	27.5	22.1	M
20. Luton, Oxford & Northampton	17.9	30.8	25.4	M
21. Colchester	85.7	90	88.2	L
22. Plymouth	10.7	30	22.1	M
23. Portsmouth	92.9	100	97.1	L
24. Kent	7	30	20.6	M
25. N. London	100	100	100	L
26. S. London	100	100	100	L
AVERAGE	50.3	56.7	54.1	

L: Left

M: Moderate

F: Floating or Mixed

Sources: AUEW AC, AUEW NCR, AUEW RNCR: 1973 - 1979.

Notes: AUEW(E) policy-making is conducted on a factional basis. This table summarizes the results of 68 selected National Committee and Conference policy votes between 1973 and 1979 in terms of the percentage of times the two delegates from each division voted with the Left faction. 'Pay policy' votes are the main debates over the Social Contract. Other political and economic issues include nationalization, economic and industrial policy, and a 'real socialist' programme for the Labour Party.

northeastern divisions deliberately maintained an independent tradition during the period in question (Interviews, 2 June, 24 July, 12 August and 29 September 1980). Thus, when the two factions approached equivalent strength, the National Committee delegates from the northeast regularly cast the decisive vote in conference debates. This tradition of independence was attributed to a variety of factors particular to the northeast: a strong regional identity, the strength of Catholicism, strong craft traditions, relative isolation, the legacy of the Independent Labour Party, Labour loyalism, to name but some of the possibilities mentioned. Whatever its ultimate explanation, and it is an excellent illustration of the strength of regional and community political traditions in internal union politics, the 'Geordie independentist line' remained crucial for the outcome of AUEW policy wrangles as long as there remained an approximate numerical balance between the two main factions in the AUEW.³ One key activist in the moderate faction, for instance, confessed that they often supported the policy resolutions from the Northeast, even though they might not have been exactly what they wanted, in order to enlist the support of the northeastern delegates for their own policy preferences and frustrate the adoption of motions favoured by the left faction (Interview, 17 March 1980). The left faction, of course, adopted similar and equally complex strategies.

To underscore the astonishing degree of factional balance on the pay policy issue, Table 7.2 indicates that the average propensity to vote with the left during the entire 1973 to 1979 period was 50.3%. It is not surprising in this sense both that the factional organizations directed their principal resources towards wooing the

floating voters and that the actual policy outcomes were highly volatile. Thus, AUEW leadership initiatives and policy stances on the Social Contract pay policies were largely dependent on the vagaries of factional organization within the union. This explains the highly volatile AUEW policy position throughout the period and the frequent equivocation displayed by Hugh Scanlon in TUC policy-making.

None of the other sample unions had quite such elaborate mechanisms as the AUEW's factional organization and the GMWU's system of regional mandating to structure the policy proclivities of conference delegates. TGWU custom discouraged mandating. However, regional delegation meetings did take place at the BDC. These were generally of a non-mandatory, but sometimes highly influential, character. As in the GMWU, the full-time regional secretaries in the TGWU, even though they were not party to platform recommendations as they were not members of the executive, appeared to play a role in delivering the vote in some regions (Interviews, 2 and 3 October 1980). There was little formal factional activity at the TGWU BDC to structure delegate preferences. FBU conference outcomes were apparently the result of a highly differentiated pattern of brigade committee preferences. There tended to be networks of varying strength between some of the brigades, particularly in terms of opposition to the platform. Particular brigades such as Liverpool, Strathclyde and Essex often took an oppositional position to that of the platform and this type of approach was often reflected in the attitude of the region's executive member.

ASTMS conference delegates were elected as representatives of

their branch, but they sat at the conference as part of a divisional delegation in which the divisional chairmen and secretaries had the right to speak but not to vote (ASTMS, 1979). Individual delegates were not mandated by their divisions but there was greater or lesser divisional coherence depending on the particular division. Divisional councils tended to be the focus of most regional political activity in the union and this was generally translated into conference policy behaviour as well. Thus, the London divisions, for instance, consistently moved the most 'political' and oppositional motions. There were informal contacts between some divisions, particularly through the divisional chairmen, but this fell far short of what might be called factional activity. The entire executive attended conference. Some divisional executive members appeared to maintain very close relations with their particular divisional committees while others remained either independent or distant. In the 1976 debate over Phase Two, for instance, the attempt to commit the union to outright rejection of the terms of the Phase Two agreement, rather than the 'criticism' favoured by Jenkins was first advanced within the executive and then repeated in identical terms in the conference debate (ASTMS AC, 1976). The General Secretary's preference prevailed in both forums. Thus, while ASTMS platform recommendations were generally endorsed, there were not necessarily very strong mechanisms for the organization of policy consent. Rather, the platform relied on the charisma of the General Secretary, who reportedly excelled at conference (Interviews, various dates). As a result, platform recommendations were sometimes overturned in the most unpredictable of manners.

The NUPE conference played a less important role during this

period for the simple reason that it was held too early to discuss any details of Phase One and there was no policy conference in 1976. However, at the 1977 Conference, it did accede to executive recommendations and grant it considerable policy flexibility on a potential Phase Three (see NUPE AC, 1977). Apart from the traditional influence of full-time officials in the union, there were not particularly strong mechanisms to deliver policy support at conference. This was perhaps because it was forthcoming in any event. Delegates were selected and voted on behalf of particular branches. They did not meet with each other in advance to structure either regional or sectional preferences. Nor was there much factional activity. In the absence of other control mechanisms, platform recommendations appeared to exercise an important influence on delegate choices. Indeed, delegates were sometimes even asked to debate and vote for a series of overlapping motions which resulted in no clear indication of policy. Thus, it was left to the union's leadership to interpret policy. Conference results usually reaffirmed this long tradition of the NUPE leadership 'leading from the front' (Interviews, 15 August and 14 November, 1980).

Apart from the different methods of structuring delegate preference as enumerated above, procedural mechanisms were also an important method of securing consent for leadership policy recommendations at the sample union conferences. These concerned the rules and customs governing the mechanics of policy conference debates. The sample union executives, for instance, all had the right to submit special executive motions to their respective policy conferences. Apart from the cases of NUPE where there was less

substantive debate on this issue during Phases One and Two and the AUEW where the requirements of factional political organization dictated a more low-key approach on the part of the executive, all of the other union executives drafted special or emergency motions on Phase Two. This was partly as a result of timing since branch motions were placed on the agenda long before the Phase Two negotiations were completed. However, these very mechanics of policy-making highlighted the degree of flexibility available to the platform that was not available to branch delegates. Moreover, special executive motions were often not subject to amendment which meant that delegates either had to accept or reject them (on the use of special executive motions, see Harrison, 1960: 151-152).

Special or emergency motions had to be accepted by the Standing Orders Committee (SOC) which was charged with organizing the actual order of the debate and convincing sponsors of similar motions to merge them into larger composites in order to expedite the transaction of conference business. SOC decisions often determined the actual terms of a debate. For instance, a decision to place some motions and not others in the same debate as a special executive motion often meant that those motions would be in opposition to the executive recommendation. Indeed, the GMWU chairman ruled that if the executive motion on Phase Two was passed then the other motions in the debate would simply fall, even though the sponsors of those motions maintained that their motions were not intended to be in opposition to that of the platform (GMWU AC, 1976). The Standing Orders Committee of the AUEW National Committee was the site of particularly intense factional battles for control of the order and place of debate. As was suggested above, an SOC decision to debate

the Social Contract at National Conference in 1975 rather than at National Committee virtually assured its rejection whereas an opposite decision would have resulted in policy support for the Social Contract. In other unions most SOC decisions did not produce nearly such dramatic results, but they did exert a significant influence on the actual terms of conference debates. Moreover, general secretaries and executives often seemed able to secure relatively sympathetic terms for key policy debates from their respective standing orders committees. Indeed, in a number of the sample unions, national officers who were obviously close to the executive played a leading role in the deliberations of the SOC (i.e., the case of Ian Mikardo, a prominent executive member and MP, at the 1976 ASTMS conference; the FBU where the SOC of six included two members of the executive, see FBU, 1978, and FBUJ, April 1977; or NUPE where the Chairman of the SOC was a member of the executive, see NUPE AC, 1975 and 1977).

The chairperson of the debates could also be an important element in the platform's relative ability to secure conference support for policy initiatives. The chair often determined the direction of the debate. In the case of the GMWU Congress in both 1975 and 1976, for instance, the Chairman was continually engaged in procedural wrangles with the opponents of union support for pay policy (GMWU AC, 1975 and 1976). Most general secretaries also benefited from the right to intervene or respond to each debate on behalf of the platform. The chair at union debates would rarely intervene to limit the length of such interventions.

The platforms at the sample union conference also scheduled key

outside speakers just prior to important policy debates (on Lord Carron's use of outside speakers to influence key policy debates at the AUEW National Committee in the 1960s, see Minkin, 1980: 197). At the NUPE conference in 1975, for instance, Len Murray made a powerful speech in support of the Social Contract. The next item on the agenda was a motion condemning the Social Contract. It was hardly surprising that that motion was defeated. Indeed, the lay sponsor of the motion confessed the difficulty he would have in garnering support for his motion after an intervention of such high quality (NUPE AC, 1975: 223-224). Senior TUC leaders and/or Government ministers frequently addressed union policy conferences on the benefits and necessity of the Social Contract pay policies during this period. The platform, of course, also enjoyed the benefits of access to information which stemmed from both contact with Government ministers and from access to research services and other professional assistance. Full-time officials were, of course, experienced at mobilizing and motivating members through speeches to conferences and other trade union meetings. This gave them an additional advantage in the process of internal policy debates and their ability to mobilize and organize consent for particular policy options at union conferences (on the influence of professionalism in trade union politics, see Lane, 1974). The point is not that any of the sample union leaderships sought to conceal the intent of their policy recommendations through some form of procedural deceit. Rather, in terms of the structure and mechanisms of conference debate, there existed a range of procedural advantages that facilitated the passage of leadership recommendations.

Finally, actual substantive policy orientations were also liable

to influence conference outcomes. It was often easier to maintain continuity with past policy traditions than it was to negotiate significant reversals in union policy approaches. The hierarchical distribution of power within union organizations meant that policy initiatives ultimately rested with union leaderships and, in the absence of opposition, were adopted by default. As was suggested by one caustic opponent of the Social Contract pay policies, a national official in the engineering union, 'passive acquiescence is always easier to secure than obduracy and rejection. To reject requires an effort of mind. Acquiescence is negative' (Interview, 15 October 1980). Equally, policy continuity simply facilitated the organization of consent. The GMWU's long tradition of support for pay policies, for instance, ensured that support for the actual details of Phases One or Two would be relatively unproblematic. By the same token, the apparent shift in TGWU bargaining policy towards support for a voluntary pay policy was, in part, secured on the basis of policy continuity, i.e., previous support for the principle of flat-rate wage increases. Thus, even discontinuities could be presented in terms of continuity. Moreover, as was suggested in the case of the TGWU, particular policy approaches and the systems of argument that supported them were bound to have a real consonance with different membership perceptions and definitions of interest. Arguments in favour of a reward for skill and responsibility that were deployed in opposition to the flat-rate policy in Phase One evoked identities or interpellated skilled AUEW members and ASTMS supervisory staff in a way that would no doubt be dissonant with the particular perceptions of most TGWU, GMWU and NUPE activists. Many

of the sample union leaders also pointed to a certain disjuncture between the political activists at union conferences and what the 'ordinary' trade union member thought. As was suggested in Chapter 6 and illustrated in Figures C.1 and C.2, opinion poll evidence suggested that during Phase One and the early stages of Phase Two union member support for the Labour Government's pay policies was generally high and, in fact, ran ahead of the views of the rest of the population. Moreover, as was acknowledged by a number of AUEW activists when the National Committee met in December 1975 to reconsider its opposition to the six-pound policy, local negotiators were actually abiding by the policy and many were 'happy' with that level of increase (Interviews, various dates).

The sample union leaderships, therefore, enjoyed a powerful range of mechanisms with which they could initiate and achieve the downwards mediation of policy objectives. This was apparent in the large degree to which platform or executive recommendations were adopted by the sample union policy conferences. There were also, however, very distinct limitations on the policy discretion of union leaderships. These were structural, procedural and substantive in nature and varied considerably between unions. As the industrial impact of the pay restraint policies worked its way into the internal policy processes of the different sample unions, the differential limits of leadership policy discretion would become increasingly manifest. This latter process is the subject of Chapter 8.

FROM POLICY TO PRACTICE

The mobilization of formal policy consent for Phases One and Two in union conferences and executive committees was a necessary but

insufficient condition for the actual implementation of the voluntary policies. It secured the approval of TUC leadership policy recommendations at Congress and special conferences but did not ensure observance of the policies. Moreover, as has been previously emphasized, the powers of the TUC over the wage bargaining behaviour of its affiliates were extremely limited. At the insistence of the Government, Congress House reluctantly undertook a monitoring role in Phases One and Two, and TUC leaders did in certain circumstances attempt to ensure affiliate compliance with the policies (see Chapter 6). However, given the structure of British trade unionism, the onus on compliance lay within the individual union. Once again, the individual union leader played a key role in effecting the downwards mediation of the policy. This section considers how formal policy support or opposition on Phases One and Two was translated into industrial practice in the sample unions.

The question of actual observance of the Social Contract pay policies highlights the link between policy-making and industrial practice within trade unions; what has been argued is at the very heart of an understanding of the operation of voluntary incomes policies. Phases One and Two were certainly remarkable for the high degree of compliance that they commanded. The interview data in this study covered a large number of negotiating officers and activists (see Table 1.6). It tends to confirm that the policies were generally observed and that most union leaders, officials and activists were reluctant to engage in any open challenge to Phases One and Two. Individual employers also appeared to play a critical role. Subject to possible government sanctions for breaches of the policy as well as CBI appeals to effect the implementation of the

policies, they generally complied, only occasionally circumventing the pay limits in order to mitigate particular dissatisfactions.

This research was not designed to investigate the detailed mechanisms of compliance at workplace level, especially in the large multi-sectoral, decentralized unions involved in a multitude of collective agreements. In a study focusing on particular workplaces during this period, for instance, Willman (1982: 142-143) was able to identify the importance of steward leadership on the shopfloor in delivering compliance with the Social Contract incomes policies. Interview evidence in this study certainly confirms such a finding. However, this study is more directly concerned with the downwards and upwards articulation of policy support and opposition between different levels of union organizations. Thus, it focuses on how official policy positions were translated into the formulation and pursuit of bargaining policy and, in turn, how industrial pressures were translated into policy-making. Were unions, for instance, the active or passive agents of policy implementation in the case of Phases One and Two? The patterns of detailed policy implementation highlight the importance of both union policy structure and bargaining structure. How, for instance, were policy messages of support or opposition transmitted between different levels as well as between different channels of union decision-making transmitted? In particular, in the case of dual-channel unions, how were policy messages communicated, if at all, from the 'political' channel of union decision-making to wage bargainers often located in a separate channel of activity?

The sample unions, regardless of their particular policy

position, appear to provide a common pattern. Once consent or opposition became formal policy, implementation was usually left to the discretion of the union's leadership. Formal union policy positions were approved either at union conferences or by the executive and, then, interpreted by the executive or one of its subcommittees. In practice, this organizational division of labour bestowed a high degree of discretion on the individual union leader who was authorized by the executive to transmit policy and oversee its implementation. Indeed, the executive committee often gave only its post facto approval to various measures taken by its leader in pursuit of a policy.

The first task was usually to sell the merits of the union's policy to its members. Union journals, the media and direct contact were the most common forms of communicating union policy. All of the sample unions had monthly journals, and all of the sample union leaders wrote regularly about the Social Contract pay policies in these journals. Union leaders and key regional officers also made considerable efforts to attend industrial, regional and local meetings of their unions in order to explain and promote their policy position, particularly during the early stages of Phase One.

The degree of detailed industrial guidance appeared to be largely a function of bargaining structure and of previous bargaining policy. Unions with highly centralized bargaining arrangements such as NUPE and the FBU were less inclined to issue detailed bargaining instructions because the union's leadership was directly involved in most significant bargaining activity. The circulation of information to the membership was, therefore, confined to explanation of policies (see FBUJ and NUPEJ, 1975-1977; NUPE GSC and FBU GSC, various dates).

Unions with more decentralized bargaining arrangements were more likely to issue detailed instructions for negotiators, but the extent to which they did so reflected their different approaches to bargaining (see Chapter 4). The GMWU and ASTMS, for instance, circulated much detailed information whereas the AUEW and TGWU appeared to leave much of the burden of interpretation to local officials and activists. After the initial internal dissemination of the policy, only exceptional cases came to the attention of national union leaderships. Otherwise, in all of the unions, the main burden of industrial implementation rested with national, regional and local industrial officers as well as lay activists.

In the TGWU, Jack Jones called a meeting of all full-time officials to explain the six pound policy (Interview, 23 March 1980). The union also responded to the TUC request to monitor its pay settlements and issued press statements to convince the public that the policy was being observed (TGWU GSC, 18 September 1975). Once the high degree of compliance with the policy became apparent, however, the system of informal monitoring appeared to fall into disuse (Interviews, 1 May and 30 July 1980).

Reflecting its traditions of both full-time officer dominance and its loyalty to Labour governments, the GMWU was undoubtedly the most active of the sample unions in communicating its support for the Phase One and Two policies. David Basnett held a meeting of all regional secretaries in the union who, in turn, were to disseminate the policy message to regional officers. He also offered to meet with any regional executives and councils to explain the Phase One policy (GMWU GSC, 29 July 1975). The General Secretary also issued

particularly detailed guidelines on observance of the policies. As in the TGWU, officials were requested to report details of all pay settlements to the central office (GMWU GSC, 8 October 1975). Unlike the TGWU, this system of reporting appeared to remain operational into Phase Two. The GMWU executive also stated quite categorically in the cases of both Phases One and Two that it had endorsed these guidelines, as had the TUC, and would 'not support action to breach them' (GMWU GSC, August 1975 and July 1976; GMWUJ, September 1975). The main emphasis during Phase One was to encourage officials to treat the six pound limit as an entitlement and ensure that they went for the full amount (FT, 23 July 1975). During Phase Two, the General Secretary repeatedly issued detailed advice on items such as equal and sick pay, maternity, redundancy and new work provisions and 'fair wages' claims that were allowed in addition to the monetary limits (GMWU GSC, 10 May, 28 June, 12 and 13 July, 10 and 20 August, 10 November and 9 December 1976). Internal union communications and requests to the TUC for advice also provided much evidence of detailed attempts to observe the guidelines (GMWU IM, 5 and 20 August, 2 September, 13, 14, 15, 18, 19 and 26 October and 21 December 1976). Interview evidence with GMWU officials largely confirmed this pattern of active compliance.

In stark contrast with the example of the GMWU, Clive Jenkins of ASTMS played an even more active role in advising ASTMS officers and activists of the union's opposition to the Phase One policy. Modelling its response on its previous success in challenging the application of statutory incomes policies (see Chapter 4), Jenkins convened a series of meetings and prepared to launch a veritable war of manoeuvre in opposition to the industrial application of the

policy. In the month of July alone, the General Secretary issued five separate circulars on the union's opposition to the policy and how it might implement its policy of opposition (ASTMS GSC, 2, 11, 16, 29 and 31 July 1975). No other union leader in this study was as prolific in this domain! Regional officials were also encouraged to meet and forward detailed suggestions on possible loopholes in the guidelines. ASTMS regularly published the reports of its divisional officers. During the pay policy periods, they were asked to report their success in securing increases above the limits. In order not to attract the scrutiny of the Department of Employment, they were requested not to refer to these cases by name. Department of Employment officials and other union officials greeted many of these claims with some scepticism (Interviews, 22 August and 7 and 15 October 1980). Indeed, ASTMS officials recalled that the system encouraged inflated reporting. None of this was, of course, detrimental to the pursuit of either publicity or new membership.

ASTMS was certainly alone among the sample unions in actively encouraging breaches of the Phase One and Two policies. However, such breaches were to be discrete rather than direct challenges. During Phase Two, for instance, negotiators were encouraged to make claims which would be payable upon the expiry of Phase Two (ASTMS GSC, 29 December 1976; FT, 10 August 1976). ASTMS officials, particularly in the West Midlands, were also very active in the use of Fair Wages claims to obtain increases greater than those allowed under the Social Contract pay policies (Interviews, various dates; also Michael Jones, 1980). However, in common with the other sample unions, dispute benefits paid out by ASTMS were at a very low level

during this period (see Note 4, Chapter 6).

The AUEW was initially ambiguous on Phase One because of a division within the executive about the interpretation of the union's policy. The initial problem concerned national engineering negotiations. The union attempted to obtain clarification first from the TUC and later from ACAS on the scope for national as opposed to domestic increases under the Phase One policy (Guardian, 10 September and 12 December 1975; AUEW GSC, 23 December 1975). In the meantime, the union's policy-making body endorsed Phase One and local wage settlements continued to undermine the potential for any national wage increase in the engineering industry. There was ultimately no national engineering agreement in either Phase One or Phase Two (AUEW GSC, 13 October 1976). Instead, as in the large dual-channel unions, most negotiations were conducted at company or local level. In a union with such strong traditions of district bargaining autonomy, apart from general statements of support for the Social Contract, there were few detailed indications from central office on how to approach the new bargaining climate. However, it became readily apparent that the executive would not support any disputes in breach of the guidelines (Interviews, 26 February, 28 March and 24 July 1980). The AUEW maintained this position throughout Phases One and Two despite mounting unrest and unofficial action by some skilled bargaining groups over the erosion of differentials (see Chapter 8).

The key role in the translation of union policy into industrial practice was certainly played by full-time officials and leading activists. Negotiating officers, lay or full-time, held a dual accountability: to the members on whose behalf they sought to secure agreements and to the various union committees and officials which

oversaw their work. The full-time officer played a key educational role in the detailed dissemination of union policy and in the formation of expectations and the formulation of detailed bargaining policy. Such a role was evident, for instance, in the trade group structure of the TGWU and the system of industrial conferences in the GMWU where bargaining strategy was the main item for discussion. District and national officials in the AUEW were also obliged to carry the message of the union's support for pay policy. Industrial officers who were not in agreement with union policy could do little more than acquiesce in opposition to the policies, if such opposition was forthcoming, or seek to persuade members of the consequences of wage restraint. However, as one AUEW official noted in the case of Phase One, 'you would have to be crazy if you tried to persuade members not to accept the largest increase they had ever had' (Interview, 11 August 1980). Thus, detailed compliance appeared to be secured largely through the efforts of officials and activists in the industrial sphere of union decision-making; though most actors agreed that the external environment had also exerted a critical influence in securing such a measure of compliance. However, industrial channels of decision-making also became important forums for the expression of opposition to the impact of the policies, particularly as industrial tensions over the differential impact of the policies and the problems that they brought in terms of relativities and differentials increased. In these circumstances, many activists and officers became much less enthusiastic advocates of wage restraint as they were caught between their accountability to official policy, on the one hand, and their accountability to the

members on whose behalf they negotiated, on the other. The expression of this dissatisfaction and its articulation is the central theme of the next chapter.

CONCLUSION

This chapter has attempted to trace the organization and mobilization of consent for Phases One and Two of the Social Contract incomes policies in the sample unions in this study. It identified the key decision-making bodies in this process and charted the downwards mobilization of the TUC policy initiatives on pay policy in union executives and policy conferences. More specifically, it highlighted some of the mechanisms of control in such a process. Finally, it looked at how policy positions were then translated into industrial practice.

While the organization of consent for these policies was generally translated into detailed compliance, there emerged growing resistance in both industrial and policy channels of the unions to a further policy of wage restraint. These internal dynamics of incomes policy consent increasingly limited the ability of TUC leaders to construct any kind of agreement with a Government intent on securing further rounds of wage restraint. Chapter 8 looks at the mobilization of opposition to the Social Contract incomes policies within the sample unions and its implications for both TUC and Government policy-making in Phases Three and Four of the Social Contract incomes policies.

CHAPTER 8

THE MOBILIZATION OF OPPOSITION AND COLLAPSE OF THE POLICIES

This chapter completes the account of the trade union role in the cycle of Social Contract incomes policies. It focuses on the organization and mobilization of opposition to wage restraint within the sample unions, the implications of these internal union developments for TUC policy-making and the culmination of these developments in the breakdown of the policies in the winter of 1978-1979, a period which came to be labelled as the 'winter of discontent'.

It was argued in Chapter 7 that consent for the Social Contract incomes policies was organized from above and mediated downwards by trade union leaders who sought to translate a TUC General Council policy consensus first into policy agreement and then into actual industrial practice. The degree of opposition to this predominant downwards thrust of policy was highly differentiated varying by union in relation to previous policy approaches and prevailing mechanisms of internal political control. In most of the sample unions, opposition was initially confined to political activists who were opposed to the principle of wage restraint. However, the detailed impact of the policies gave rise to a growing and much wider sense of grievance. This was expressed informally in particular occupational

and industrial tensions and disputes. It was also reflected in industrial policy forums such as industrial committees and conferences which articulated their dissatisfaction to other policy forums such as regional committees, national executives and policy conferences. This blending of industrial and ideological expression into a common oppositional thrust to the policies would appear to confirm Roderick Martin's (1978: 104) suggestion that the major bases of group formation in the internal political processes of trade unions are occupational interests and ideology. The Social Contract incomes policies appeared to stimulate the construction of loose coalitions of industrial and ideological interests, often quite different in each union, which articulated their opposition to any further period of voluntary wage restraint in the particular policy structures of the sample unions.

Thus, opposition to the Social Contract policies within the sample unions coalesced or was aggregated at many different levels of internal union structure and in a highly differentiated manner. In the face of increasing hostility to the impact of Phase One and Two on differentials, the AUEW, for example, witnessed the almost total collapse of support in its moderate faction for a continuation of the policies. Similarly, the formal support of the FBU for Phase Two was in sharp contrast with the growth of local industrial pressures which built rapidly towards unprecedented, national industrial action in Phase Three. In the context of its continued critique of Government economic policy, the NUPE leadership particularly contested the impact of the policies on the low-paid. Thus, it laid the foundations of a campaign to improve the wages of the low-paid which

culminated in a major public sector confrontation in Phase Four. ASTMS experienced few internal pressures since it was, from the beginning, committed to opposing and, where possible, circumventing the Social Contract incomes policies. The TGWU and GMWU, however, both displayed increasing signs of opposition in their complex, bifurcated structures. With its strong loyalist tradition and powerful mechanisms of internal control, these were more easily contained in the GMWU. Despite increasing volatility in its internal political processes, the GMWU policy conference was prepared to contemplate a Phase Three policy. By the time of Phase Four, even the GMWU leadership was alienated by the Labour Government's determination to impose unilaterally a five per cent limit on wage increases. The TGWU once again proved to be the most significant site for the forces of opposition and consent to the Social Contract pay policies. Just as its 1975 conference had ensured TUC support for the Phase One policy, its July 1977 conference decision to reject a possible Phase Three swung the balance firmly away from any TUC leadership attempt to construct a consensus around a Phase Three wage norm and made the possibility of any future pay agreements much less likely. It also represented an unprecedented defeat for the authority of the TGWU general secretary, in itself an indication of the internal political and industrial forces released by the Social Contract incomes policies. The major part of this chapter focuses on these internal dynamics of incomes policy. It traces the predominantly upwards mediation of policy in opposition to wage restraint as industrial pressures were translated into union policy-making and increasingly limited the scope for individual union leadership participation in further TUC policy initiatives on incomes

policy.

As was suggested above, these internal processes were particularly significant for the determination of TUC policy. Although the TUC was formally committed to 'an orderly return to voluntary collective bargaining' after Phase Two, TUC leaders signalled to the Government that they were nonetheless willing to consider pay questions in the context of a strategy to tackle unemployment and inflation (TUC Circular, 16 December 1976; TUC ECD, 9 March 1977; GMWU IM, 26 January 1977). However, anxious to secure much more significant concessions on economic policy than the Government had hitherto been willing to offer and also sensitive to criticisms that the early conclusion of the Phase Two negotiations in 1976 had effectively by-passed the policy-making role of many individual union conferences, they decided to sound out membership opinion suggesting that, in the interim, both the confidence of trade union members in the Social Contract and the cooperation of the TUC in future policies were contingent on more positive measures on the part of the Government (FT, 13 and 21 January 1977; TUC ECD, 9 March 1977; TUC ECM, 16 July 1976 and 13 April 1977; Guardian, 10 May 1977). Thus, the internal dynamics of incomes policy, the apparent limits of internal union cohesion, emerged as a major constraint on the external dynamics of the policy, particularly as the balance of opinion appeared to swing irrevocably away from further formal policy support for wage restraint during this period. This chapter, therefore, also considers the implications of these internal dynamics, first, for the discussions between the TUC and the Government on Phase Three and, secondly, for the collapse of the

policies in Phase Four.

The chapter is divided into two main parts. The first part focuses on union industrial practice and policy-making. It outlines the industrial pressures associated with the impact of the Social Contract incomes policies, their specific manifestations in the industrial structures of the sample unions and their translation into union policy-making on further possible phases of wage restraint. It also attempts to decipher common patterns of opposition and support for the pay policies across the sample unions and considers their implications for the internal dynamics of leadership discretion in union approaches to incomes policies. The second part of the chapter explores briefly the implications of these internal union dynamics, particularly the variations in and sources of internal leadership discretion, for external or TUC policy-making at the level of the TUC General Council and in the TUC's relations with the state. It focuses on both the TUC decision not to endorse a Phase Three policy and the collapse of the Social Contract pay policies in the winter of 1978-1979.

INTERNAL POLICY-MAKING

This part of the chapter focuses on the translation of the industrial pressures associated with the Social Contract incomes policies into sample union policy-making. The first section outlines the general industrial tensions of the period and their impact on both wage bargaining and the political acceptability of the policies. The second section considers how these industrial pressures were organized both formally and informally in the industrial and policy structures of the sample unions and their

particular impact on union policy decisions to support or oppose further phases of the Social Contract incomes policies. Subsequent sections examine internal policy-making in each of the sample unions. This discussion is particularly concerned with the differential impact of the policies and how particular industrial responses were mediated by different union policy structures. The final section attempts to identify patterns of opposition and support for the policies across the sample unions with a particular focus on the regional bases from which majority policy coalitions were constructed.

Industrial Tensions and Their Political Consequences

The viability of the Social Contract incomes policies was increasingly undermined in both relative and absolute terms over the course of Phases Two and Three. In relative terms, it was suggested in Chapter 6 that while Phase One was particularly well received and Phase Two continued to command a high degree of compliance, the combined effect of the two policies created considerable scope for differentials and relativities problems which, it was argued, were the most salient form of wage comparison. The imposition of a centralized norm, whatever its design, was bound to have a differentiated impact on different industrial settings and, thus, alter some customary wage relationships. As these perceived anomalies persisted, industrial tensions mounted. The definition of a flat-rate norm in Phase One and an upper limit on the five per cent figure allowed in Phase Two, for instance, entailed a narrowing of wage or earnings differentials in many workplaces. By the latter stages of Phase Two, sectional revolts of skilled engineers became

commonplace in many West Midlands factories and created particular internal problems for the AUEW which was committed to support the policy. Such problems were often compounded by the differential impact of the policies on different payment systems. Those who worked on payment-by-results systems or benefited from incremental salary scales appeared to have much greater leeway to circumvent the most restrictive effects of the policies, again creating both workplace problems and internal union tensions (on payment-by-results as opposed to time-rated systems, see Table 6.1). The fact that the Phase One and Two settlements were payable as supplements also meant those whose earnings were greatly affected by the calculation of overtime, shift differentials or other sundry payments felt doubly aggrieved, especially when it affected particular relativities. Moreover, there was little official scope to rectify many of these grievances because of the operation of the twelve-month rule for principal wage increases. Thus, many tensions were directed internally at local lay activists or union officials who, in turn, articulated these grievances in industrial policy forums where such a possibility existed or, exceptionally, felt sufficiently aggrieved to pursue some form of industrial action.

Employers played a key mediating role in determining the impact of these external guidelines on internal wage structures. As suggested by one national union official, 'you cannot enforce incomes policy any more than you can enforce the speed limit' (Interview, 28 July 1980). The highly informal vetting process of the Department of Employment relied largely on media reports of wage settlements (Interviews, 15 October 1980). This highlighted the difficulty of

enforcement. Certainly, almost every negotiating officer interviewed agreed that it was possible to circumvent some aspect of the guidelines when employers felt it was necessary to do so. Both Government and TUC officials were naturally concerned that the policy appeared to be universal. This was a key element in maintaining a degree of compliance. Therefore, any publicity about alleged breaches of the policies generally prompted some action on the part of the TUC or the Department of Employment. Where increases over and above the guidelines were kept secret, however, employers and union officials were able to mitigate the impact of the policies and reduce the level of internal tensions in both the bargaining unit and the union. Where employers did not or could not take such action, any frustration was often vented internally in union policy processes, especially when other groups appeared able to escape the worst effects of the policies through mechanisms such as pre-existing productivity bonus schemes or payment-by-results systems. This highly differentiated impact of the pay policies on wage differentials and relativities contributed to a growing sense of grievance about the impact of the policies and fuelled specific claims to rectify perceived anomalies. Union leaderships advocating continued restraint frequently had to contend with particular groups of members intent on pursuing sectional claims and the pressures within those unions built to a degree that it was no longer practicable to recommend further commitment to wage restraint. This was apparent in the rise in the frequency and volume of dispute activity over Phases Two and Three (see Table E.1). The manifestations of particular tensions in the internal policy processes of the sample unions will be further scrutinized below.

In absolute terms, changes in the external economic environment, primarily the continued slide in the value of the pound sterling on international markets during the latter stages of Phase One and the early months of Phase Two, contributed to a sudden rise in the rate of price inflation (see IDS Report 250, February 1977; TUC ECD, 7 July 1977). The level of both prices and earnings increases had declined steadily through Phase One. The rate of increase in earnings continued to decline during Phase Two. The rate of price increases, however, rose steadily (see Figure B.1, Appendix B). While Phases One and Two had been designed to achieve a decline in real earnings, the actual decline was much more precipitous than had been anticipated (see Figure B.2. and Table B.1). Virtually all of the major occupational and industrial groups in the sample unions experienced a particularly sharp decline in real earnings over the course of Phase Two (see Appendix D). This loss of earnings power appeared to translate into a sharp decline in the popularity of the policies among trade unionists. Opinion poll evidence indicated a high level of support among trade unionists for the Government's prices and incomes policy during Phase One and the first weeks of Phase Two. The dramatic drop in the level of support during much of the remainder of Phase Two suggests a certain loss of confidence in the relative efficacy of the policy and at least some association with the changing economic environment (see Figure C.1, Appendix C).¹ Though the relativities and differentials problems might have been a contributing factor, it seems implausible that the highly incremental effect of the policies on differentials and relativities could account for such a sharp and sudden decline in

support for the Social Contract incomes policies.

The hypothesis that a sharp decline in support for the Phase Two policy was strongly associated with a similarly precipitous decline in real earnings is supported by subsequent movements in the earnings and polling data. The trend lines in prices and earnings were actually reversed over the course of Phase Three as the rate of increase in earnings rose steadily while the level of price increases declined (see Figure B.1). The level of support among trade unionists for the policy also recovered sharply (see Figure C.1). By then, however, the drift away from the policy appeared almost irreversible as many of the most pressing relativities problems remained unresolved. Moreover, the success of some private sector bargaining groups in rectifying their perceived anomalies, especially through productivity agreements as allowed under the Phase Three guidelines, sparked yet further competitive claims in the private sector. It also contributed to a growing sense of injustice among public sector bargaining groups which were held more rigidly to the ten per cent limit specified in Phase Three and enjoyed less scope for the negotiation of productivity agreements. By the end of Phase Three, feelings of injustice in many public sector bargaining groups were running extremely high and most of the unions which had complied with the Phase Three guidelines were committed to reversing the decline in their relativities during the next bargaining round.

The Government's attempt to enforce a five per cent limit on wage increases in Phase Four further exacerbated these tensions. The level of public support for the policy declined sharply while the level of opposition mounted (see Figures C.1 and C.2). Even the most loyal Labour Party affiliates such as the GMWU opposed the new policy

describing it as 'counter-productive and unnecessary' (GMWUJ, October 1978). Thus, the five per cent limit led inexorably to major confrontations first in the private sector where the Government's powers of enforcement were successfully challenged in Parliament and, then, with its own employees in the public sector where the policy finally collapsed. Phases Three and Four were essentially a phased re-entry to free collective bargaining with a particularly marked increase in the volume of industrial conflict and the rhetoric that accompanied it (on the patterns of industrial conflict, see Table E.1, Appendix E). There were numerous efforts to repair the damaged relations between the TUC and the Government, first, with a tentative agreement which failed to secure the consent of the TUC General Council in the autumn of 1978 and, then, with the negotiation of a new agreement in February 1979 (TUC GCM, 14 November 1978; TUC, 1979a and b). However, the Labour Party's 1974 election promise to offer a more consensual form of state-trade union relations through the medium of the Social Contract (see Chapter 3) commanded little credibility in the months preceding the May 1979 General Election. The Labour Government and its badly battered Social Contract were thus defeated by a Conservative Party pledged to pursue trade union reform (on the Conservative Party's approach to trade unions, see Conservative Party, 1979).²

Industrial Pressures and Union Policy-Making

While there continued to be a high degree of union compliance with the Phase One and Two policies as well as with much of Phase Three, the detailed impact of the Social Contract incomes policies led to industrial tensions and a growing sense of grievance. This

section is concerned with how this sense of grievance about the industrial impact of the policies was organized and articulated into the industrial and policy channels of the sample unions.

Consent for the Social Contract was organized from above and generally mediated downwards by trade union leaders who sought to translate a TUC General Council policy consensus first into policy agreement and then into actual industrial practice. Opposition to this predominant downwards thrust of policy was expressed in varying degrees in all of the five sample unions which either supported or acquiesced in the implementation of Phases One and Two. Opposition was especially strong in the left faction of the AUEW, parts of the NUPE leadership and a small core of activists in the TGWU. In the sixth sample union, ASTMS, the leadership contested the TUC General Council policy consensus and communicated this dissent downwards in the major union policy forums. Since there was little active expression of consent for wage restraint within the union, the debates over incomes policy were largely uncontentious.

The opposition to the Social Contract incomes policies in both the supporting and dissenting unions was, at least initially, primarily ideological or political in character. The opponents were almost exclusively on the left of the political spectrum and rejected state interference in collective bargaining under a capitalistic system of market allocation (on trade union approaches to incomes policies and state intervention in wage bargaining, see Chapter 4). However, such opposition to the Social Contract incomes policies remained a minority position in the decisions to support Phases One and Two. TUC support for Phase Two, for instance, was endorsed by a

very large margin at the Special Congress in June 1976, even though there was more opposition within a number of the sample unions than the vote might have indicated (see Chapter 7). More widespread opposition to the Social Contract incomes policies within the unions under investigation was only gradually organized around the grievances about the impact of the policies. As Gavanta (1980: 257) has suggested, 'the powerless must undergo a process of mobilization upon them. That is they must develop their own resources for challenge - organization, information, sustaining values - to counter the prevailing mobilization of bias'. While the Appalachian poor to which Gavanta refers might not be an exact parallel, the notion of mobilizing resources and values against a prevailing downwards mediation of policy is. If union policy was to be altered, then the sense of grievance about the impact of the pay policies had to be organized and expressed collectively within the union whether formally or informally. Thus, industrial opposition became allied with the political opponents of the policies either to limit relative leadership policy discretion on this question or change actual policy orientations. This process was central to the mobilization of opposition and the upwards mediation of policy messages within the unions.

The organization of union policy-making, industrial or otherwise, thus becomes a key variable in the analysis of internal union opposition to wage restraint and the determination of the relative degree of leadership discretion in the policy process of individual unions. The differential impact of the Social Contract incomes policies on different unions and their responses as mediated by the particular cultures, structures and policy predispositions of

those organizations implied quite different material and ideological bases of consent for and opposition to the policies. A particular economic impact did not automatically lead to a given form of collective social behaviour. The squeezing of differentials, for instance, did not necessarily lead to unofficial work stoppages, internal union revolts or demands for separate bargaining status. Rather, the economic impact was organized and articulated in terms of particular industrial settings and union structures. In this sense, organizational structure, membership composition and policy predispositions are all key variables for an explanation of different types of union response to incomes policies.

The industrial or single-channel unions such as the FBU and AUEW, for instance, experienced a very rapid translation of industrial pressures into formal union policy-making. Wage bargaining policy and other political issues were considered in the same policy forums. Industrial pressures were also relatively uniform: the skilled in the case of the AUEW and the largely homogeneous membership of the FBU. Both of these unions supported both Phases One and Two. However, the sheer force of internal tension prompted the leadership of the FBU to reject any possible support of a Phase Three policy. The AUEW President attempted to maintain some degree of policy flexibility for a possible construction of a Phase Three. However, internal industrial pressures were sufficient to defeat such an approach at the union's 1977 policy conference. Internal pressures in NUPE were not nearly so intense and the leadership did maintain a degree of policy flexibility for external policy initiatives at the level of the TUC.

However, the degree of internal dissatisfaction had grown dramatically by the latter stages of Phase Three when it appeared that the private sector had successfully pursued free collective bargaining while public sector bargaining groups would continue to be bound by the Government's pay limits. The NUPE leadership seized the initiative in this case and embarked on a major low-pay campaign which culminated in the collapse of Phase Four.

The large, dual-channel unions such as ASTMS, the GMWU and TGWU experienced comparatively less direct pressure. Their wide membership coverage meant that the actual effects of the policies were highly differentiated by bargaining group. Indeed, some of the general union bargaining groups felt comparatively advantaged by the impact of the policies and indicated a reservoir of support for further policies of this kind. Signs of consent for and opposition to the policies were, therefore, likely to be differentiated by particular occupational or industrial groups or localities. The upwards mediation of opposition to wage restraint involved the aggregation of particular dissatisfactions with the local industrial effects of the policies to higher policy-making levels within the unions. Since ASTMS opposed the imposition of the policies and its officers were encouraged to circumvent the pay norms where possible, the internal manifestations of opposition to wage restraint were very limited. Some political activists complained about what they saw as the lack of leadership enthusiasm to challenge openly the guidelines. Technicians in the public sector also expressed increasing dissatisfaction with their inability to maintain relativities with their private sector counterparts. In the TGWU and GMWU, however, despite strong leadership commitment to the policies, there were

multiple signs of industrial tensions in their trade group and industrial conference structures. These generally were handled by local or national industrial officers who were obliged to defend their union's policy of support for Phases One and Two. Occasionally, such pressures translated into isolated industrial or political challenges to the union's leadership. However, in the TGWU, where the trade group industrial structure articulated very directly into regional committee, executive and conference policy deliberations, these industrial tensions became an increasingly important component of political opposition to the Social Contract incomes policies. Coalitions between political opponents and industrial grievances were gradually constructed at local, regional and trade group level. This upwards mediation of policy ultimately led to the unprecedented defeat of a TGWU leadership recommendation on pay policy at the 1977 BDC. The GMWU leadership, on the other hand, maintained a degree of flexibility for the pursuit of external policy initiatives in Phases Three and Four.

The following sections deal with some of the principal variations between the sample unions in terms of the industrial impact of the Social Contract pay policies and the expression of opposition in their industrial and policy structures. The first three look at the experience of the unions with basically single-channel policy structures: the FBU, AUEW and NUPE. The subsequent three consider the case of the dual-channel or bifurcated union structures: ASTMS, the GMWU and the TGWU.

FBU

The case of the FBU provides an excellent example of the

impact of wage restraint on an industrial union. It experienced particularly severe internal pressures over the course of Phases One to Three. These pressures were manifested in increasingly frequent local industrial action and challenges to national union policy and the national executive. They culminated in an eight-week national dispute from November 1977 to January 1978, the union's first ever such conflict, which was initiated against executive advice by a recalled annual conference (FBU GSC, 2 and 7 November 1977). Indeed, this dispute proved the most significant challenge to the Government's attempt to maintain a ten per cent Phase Three wage ceiling without the explicit agreement of the TUC. The delay in reaching a settlement ultimately had more to do with finding a formula which would preserve the integrity of the Government's wage guidelines than with any reluctance on the part of local authority employers to improve the wages of firefighters.

The particular severity of the internal pressures within the FBU was the result of several factors: the structure of bargaining and industrial location, the composition of firefighters' earnings, union bargaining strategy and union structure. First, the FBU engaged in one set of national negotiations with a joint panel of local authority employers. Their location in the public sector meant that the Government insisted on a strict application of its pay policy guidelines. The composition of the employer side of the negotiating table, different local authority representatives organized along both 'party political' lines and according to whether they were metropolitan or shire counties, ensured that negotiations were very much a political process with all the attendant difficulties of

decentralized employer authority and multilateral bargaining (on the latter, see Kochan, 1979). Moreover, the national character of the negotiations exposed the union leadership to particular pressures from regional and sectional claims, especially as a sense of grievance about the impact of the Social Contract incomes policies grew.

Secondly, this sense of grievance was fuelled specifically by the composition of firefighters' earnings. As was noted in Chapter 4, firefighters were distinguished by the high degree to which basic rates accounted for total earnings. This meant that they had virtually no scope for earnings drift and were stringently affected by any pay norm based on wage rates, doubly so because of their location in the public sector. Indeed, this had long been a source of FBU complaint about the inequitable impact of incomes policies (see Chapter 4). Earnings data certainly supports the basis of the union's complaints. Relative to other occupational groups in the sample unions, firefighters appeared to experience a sharper decline in real earnings. The real average weekly earnings of firefighters declined by as much as fifteen per cent over the course of Phases One and Two (see Appendix D, especially Figure D.3).

Thirdly, the scope for mitigating the restrictive impact of the Social Contract incomes policies was reduced further by the union's own bargaining strategy. The union had long campaigned for a reduction in working hours but it had, in the past, agreed to increase the length of working hours, a form of productivity increase, in order to attain an increase greater than what was permitted by the Labour Government's incomes policies in the 1960s. When the union did succeed in achieving some reduction in working

hours in 1974, it simultaneously introduced a ban on all overtime work (see Chapter 4). This was a deliberate attempt to accentuate the pressures on national negotiations and, thereby, improve basic rates. However, it reduced the scope for alleviating the impact of Phases One and Two and was the object of increasing regional challenges.

Finally, the industrial structure of the union meant that industrial pressures were rapidly articulated in union policy-making forums. There was no separation between policy-makers and industrial negotiators. Moreover, local brigades did not have the authority to settle local disputes. Thus, when employers refused to accede to local demands, these industrial pressures were expressed within the union with all the consequent political repercussions. One regional committee, for instance, noted in a motion to the executive that it no longer supported the Social Contract and linked this to their employers' readiness to take advantage of the union's reluctance to initiate strike action (FBU GSC, 25 October 1976). As the level of local tensions increased with the impact of pay policies, the union, as vividly portrayed by one leading official, was like 'a building which was smouldering in the basement. If you add paraffin and wood chips, there will be an explosion; and this is what happened in the Fire Service' (Interview, 22 September 1980).

Some of these pressures were already apparent in the split within the FBU in the summer of 1975 over whether to end its campaign of industrial action and settle for six pounds (see Chapter 7). They became increasingly manifest during Phases One and Two as, counter to national union policy, local industrial actions in pursuit of

special payments proliferated in various regions, often in opposition to specific executive instructions to cease such actions. In March 1976 leading officials of the South Yorkshire Brigade were suspended from office for pre-arranging a system of overtime work and refusing to comply with the executive request to conform with the union ban on overtime work (FBU GSC, 17 March and 2 April 1976). During the summer of 1976, a work-to-rule campaign in London led to the creation of a special ACAS inquiry (FBU GSC, 29 June 1976; FT, 13 July 1976; The Times, 14 July 1976; ACAS, 1977). There was also continuing tension between the executive member from Scotland and Strathclyde officials who wished to organize local action against cuts in service (Scotsman, 24 June 1976). In October 1976, against union advice and in opposition to its own regional committee, an unofficial 'local action committee' in Northern Ireland led a campaign to secure an 'extra responsibility' payment (FBU GSC, 8 October 1976). Given the special circumstances in Northern Ireland, the executive urged members to return to work but endeavoured to obtain clearance for the introduction of a special payment from the Government and the TUC (FBU ECM, 7 and 26 October 1976; FBU GSC, 12 November 1976). This led to the creation of a special arbitration tribunal and the eventual introduction of the extra responsibility allowance (FBU GSC, 24 November and 14 December 1976 and 3 February 1977; FBUI, February/March 1977; IDS Report 254, April 1977). There were further local actions in March and May of 1977 in the Cleveland and Essex Brigades. Again, the executive either instructed members to return to work or not take any action on the basis that any claims and actions should be national and not local (FBU GSC, 4 and 15 March and 4 and 5 May 1977). All of these Phase One and Two disputes were unofficial and,

in each case, the executive agreed that grievances should be channelled through national claims only (Interview, 4 September 1980).

The level of internal pressures was sufficiently intense to convince the General Secretary, who had previously argued in support of the Social Contract pay policies, that 'it would not be possible for the union to voluntarily accept a further phase of limiting pay policy'. Rather, the executive all agreed that the union must be free to pursue the improvement of firefighters' earnings (FBU ECM, 14 April 1977). This position was endorsed by the union's annual conference in the face of only very limited brigade support for the Social Contract (FBU AC, 1977; FBU GSC, 10 and 19 May 1977). The executive initiated a campaign to achieve a re-evaluation of the 'fireman's job' and agreed with the national employers' side to the establishment of an independent working party to undertake this task (Evening News, 6 July 1977; MS, 14 July 1977; FT, 27 July 1977). However, the executive was divided over what to do if the Government in an attempt to maintain its Phase Three guidelines would not implement the recommendations of the working party. The majority of executive members appeared opposed to full-scale strike action. However, the actual balance of forces was far more complex as some executive members later admitted that they were promoting a militant line in their own regions while following a moderate line on the executive (Interviews, 10 July, 29 August, and 3 and 22 September 1980).

The signs of membership frustration and industrial restiveness continued to multiply. The Strathclyde Brigade sought a recalled

annual conference and there were large demonstrations of firefighters in the West Midlands, Manchester and Newcastle (MS, 29 August, 2 and 24 September and 19 October 1977; Guardian, 8 September 1977). The Avon Brigade initiated a work-to-rule in late October (FT, 27 October 1977). A West Midlands official recalled that they were constantly discouraging action in individual fire stations (Interview, 18 July 1980). Many officials attributed this new militancy in the fire service to a generational factor. A younger generation of firefighters had replaced their post-war predecessors and appeared ready to undertake industrial action in order to improve earnings (Interviews, 10 July, 29 August and 3 September, 1980). The design of Phase Three proved a further stimulus. Its allowance for productivity agreements in addition to the ten per cent ceiling appeared to give little scope for additional increases to firefighters while private sector negotiators seemed to be securing increases well above the norm (Interviews, 10 July and 4 September 1980).

The industrial pressures manifested in the FBU during this period were part of a process in which, despite the reluctance of many in the national leadership, the commitment of a majority of brigades in the union to a campaign of national industrial action was gradually achieved. This was clear at a recalled annual conference on 7 November which, contrary to the executive recommendation to continue negotiations, voted by a two to one margin to take immediate strike action (FBU GSC, 2 and 7 November 1977; The Times, 8 November 1977; Interviews, various dates). Most of the complex internal ramifications of the dispute - the political and social organization of the conflict - must remain outside the scope of this study. The external implications were, however, important for the larger

development of the Social Contract. The dispute quickly became a test of the Government's determination to maintain the Phase Three guidelines. It also exposed the unwillingness of TUC leaders to engage in a major confrontation with the Government over its application of Phase Three despite the TUC commitment to a policy of free collective bargaining. These external implications will be discussed further in the final part of this chapter. Certainly, the industrial tensions exhibited within the FBU during this period were an excellent illustration of how the internal dynamics of incomes policies, especially in the case of an industrial union, impinged on its external dynamics. By the spring of 1977, despite expressions of loyalty to the positions of the TUC and the Labour Government, there was simply no question of FBU leadership support for a Phase Three of the Social Contract pay policies. By the autumn of 1977, the union was locked in a major confrontation with the Labour Government and, despite the TUC's opposition to the Phase Three guidelines, TUC leaders were clearly reluctant to promote a major confrontation over the implementation of Phase Three (see below).

AUEW

The AUEW's policy of support for Phases One and Two was also the object of increasing internal dissent. The Social Contract incomes policies had a much more diverse impact on the AUEW's widely dispersed membership and largely decentralized negotiating activity than was the case with the FBU. However, the question of wage and earnings differentials emerged as the most contentious issue for the union. The narrowing of wage differentials in the engineering industry was, in fact, a longer-term phenomenon arising from the

reform of payment systems, the impact of previous incomes policies and the predominance of the semi-skilled in many bargaining units (see Brown, 1979b; Fox, 1977; Turner, 1952; Interviews, 26 February, 28 March and 2 June 1980). However, the relative decline of craft status during this period was increasingly identified with the restrictive effects of the Phase One and Two policies. Discontent over differentials led to numerous local revolts, particularly in the toolrooms of the West Midlands engineering industry. During Phase One, there were a few minor rumblings over the implementation of the flat-rate policy; for instance, at the Canley works of British Leyland, at SU Carburettor and in the shipyards of the Northeast (Interviews, 14 March and 24 July 1980; see also Chapter 7). Signs of local discontent multiplied rapidly during Phase Two despite the AUEW's continued support for the pay policies. Unofficial disputes at Rubery Owen, Chrysler, British Leyland, Heathrow Airport and Lucas Aerospace, to name but a few, centred on either craftworkers' wages or their claims for separate negotiating status and sometimes both (see IDS Report 248, January 1977; Glasgow Herald, 9 March 1977; Observer, 13 March 1977; Guardian, 13 and 14 April 1977; The Sunday Times, 24 April 1977; TGWU Civil Air Transport Section Committee, 1977; FT, 24 August and 9 September 1977; Interviews, various dates). Many of these were dealt with at district level. In the large disputes which came to the attention of the executive, unless their claim was compatible with observance of Phase Two, members were denied official backing and urged to return to work (Interview, 24 July 1980).

The most bitter internal dispute was undoubtedly that of the

British Leyland toolroom workers. Their month long strike in February and March of 1977 in pursuit of separate bargaining rights led to repeated acrimonious confrontations between the union's executive, which insisted on observance of Phase Two, and an unofficial toolroom committee led by Roy Fraser, a Cowley toolmaker. This dispute was a clear challenge to the union's leadership and its support for Phase Two. As the then executive officer for the West Midlands, Terry Duffy, observed, 'It is . . . the toolmakers against the union, not just the toolmakers against the company' (Observer, 13 March 1977). While the dispute was in many ways symptomatic of the multiple problems of British Leyland at the time, it dramatically illustrated the depth of feeling over the relative decline in craft workers' differentials. Moreover, it highlighted the degree to which local and national officials were obliged to bear the brunt of discontent over the impact of the policies. As one official noted, 'We are accessible, not the Prime Minister. We take the stick' (Interview, 14 March 1980).

These revolts of important groups of skilled members were bound to have a significant impact on the internal political processes of the AUEW since most of the officer and activist corps in the union were counted as skilled or 'Section One' members (see Chapter 4). As in the FBU, local industrial pressures were translated very directly into union policy-making because of the union's single-channel policy structure. Local district committees and the elected district secretary usually dealt with local disputes. These same committees also formulated policy motions which were processed by divisional committees for debate at the union's policy conference. Similarly, at national level, even though the

negotiations on the National Engineering Agreement were abandoned in favour of local negotiations during Phases One and Two (FT, 11 February 1977), the National Committee discussed industry wages strategy as well as general economic and political motions. Thus, support for further policies of wage restraint was inseparable from their industrial implications.

The translation of industrial pressures into policy-making was further complicated by the system of factional political organization in the AUEW. Since the left faction was from the beginning opposed to any form of wage restraint, the political repercussions of the union's support for the pay policies were felt most intensely by the 'moderate' faction. It experienced increasing difficulties to maintain majority support for the policy of restraint at local level. Despite its narrow majority on most issues at the union's 1977 National Committee meeting, a majority of the engineering section's twenty-six divisions had tabled motions opposing a further round of pay policy. Indeed, no motion on the agenda gave unqualified support to the Social Contract and only one gave qualified support (AUEW NCR, 1977; FT, 2 May 1977; Guardian, 21 April 1977; MS, 21 February 1977). Moreover, the joint northeastern Divisional Committees, the key divisions in terms of relative independence from the principal factions, had specifically mandated their delegates to vote for a return to free collective bargaining (Interview, 2 June 1980; Guardian, 4 May 1977; The Times, 5 May 1977). This ensured a majority for the anti-wage restraint forces and precipitated a complete collapse of the moderate faction's support for any form of Phase Three, even one that took account of problems involving

differentials. The National Committee voted fifty to two for a return to free collective bargaining at the end of Phase Two. The only delegates to oppose were those from the southwestern division which had also been the only division to submit a motion in qualified support of the Social Contract (AUEW NCR, 1977).

Thus, despite Scanlon's pleas to give him the flexibility to negotiate a Phase Three policy which would allow additional increases for the restoration of differentials, the resolution of anomalies and the implementation of new incentives schemes, internal industrial pressures pushed AUEW policy-makers away from any support for a possible Phase Three policy (on Scanlon's approach, see AUEW NCR, 1977: 194-196). As one national officer, a supporter of the Social Contract, suggested, 'If we had opted for another phase of pay policy, on the other hand, we could have been in real trouble . . . we would have had a hell of a job to sell any deal to our members' (Interview, 2 June 1980).

NUPE

In comparison with the experience of the other single-channel unions, the FBU and the AUEW, internal pressures in NUPE were much less intense during Phases One and Two. Most NUPE members had benefited from an unusually large increase during the Social Contract Mark I period and the six pound policy was also seen as relatively advantageous to the low-paid groups covered by NUPE (see Figure D.5, Appendix D). Despite the union's initial opposition to the six-pound policy, most officers and activists agreed that there was no particular pressure against it. Moreover, the occupational groups with any tradition of militancy in the union, such as the dustmen and

road maintenance workers, had also been among the first local authority groups to negotiate bonus schemes. Thus, they were cushioned against some of the most restrictive effects of the policies. Figure D.5, for instance, indicates that the real earnings of dustmen did not experience as great a decline over Phases Two and Three as did those of many of the other public sector manual groups covered by NUPE (see Appendix D; also Interview, 8 August 1980). However, as real earnings began to decline, the non-consolidation of the Phase One and Two policies became an increasing irritant because many low-paid NUPE members depended on the systematic use of overtime work to supplement their earnings (Interview, 6 October 1980). Nonetheless, there was little overt expression of industrial discontent over compliance with the Phase One and Two norms (Interviews, various dates).

This comparative lack of industrial pressure was reflected in union policy-making. In contrast to the vehement opposition to any possibility of further wage restraint in most of the sample unions at this time, NUPE's national policy conference in 1977 voted by a two to one margin to reject a motion calling for an immediate return to normal collective bargaining 'irrespective of what the TUC decides' (NUPE AC, 1977). Alan Fisher, the union's general secretary, was clearly aiming to maintain a degree of flexibility for external policy initiatives at the level of the TUC. As was indicated in Chapter 7, in contrast with others in the NUPE leadership, he was not personally opposed to incomes policies. Moreover, as a member of the TUC Economic Committee, he was of course party to the TUC's discussions with the Government on the possibility of a Phase Three policy. He specifically requested that the NUPE Conference not leave

NUPE 'neutered at the bargaining table . . . and outside the vital decisions that will be going on between the Government and the TUC' (NUPE AC, 1977: 119-120). The NUPE leadership, particularly the executive's Economic Committee, continued to strike a fairly critical stance vis-a-vis the economic policies of the Labour Government and the Social Contract and mobilize members in opposition to public expenditure cuts (NUPE, 1976; NUPE EcCteeM, 26 February 1977; NUPE GSC, various dates). However, this did not translate into direct opposition to the Social Contract incomes policies at this stage. This ambiguity was more than a reflection of the lack of internal industrial pressure. As was argued in Chapter 4, NUPE had traditionally demonstrated some ambiguity on wages policies. This was due to both its location in the public sector and the relatively low pay of most of its members. NUPE was perhaps the union to develop the most conscious link between its broader economic policy and its wage negotiations. This linkage was certainly enhanced by its single-channel policy structure in which bargaining strategy and macro-economic policy orientations were discussed in the same forums and, often, in the same debates (see, i.e., NUPE AC, 1977 and 1978; also NUPE EcCteeM, 1975-1979). None of the other sample union leaderships appeared to address this link quite so consciously or consistently as did NUPE's.

As private sector wage settlements began to outdistance those in the public sector over the course of Phase Three, however, substantial discontent with the policies was readily apparent. Compliance with the Phase Three norms was reluctantly agreed by most NUPE bargaining groups, albeit on a second ballot. Possibly

influenced by the failure of the FBU to breach the policy, there did not appear to be any impetus for industrial action from either the executive or the membership (Interview, 14 October 1980). However, dissatisfaction with the lack of progress on low pay was the predominant message transmitted by area committee resolutions in the consultative ballot on the final Phase Three settlement (Interviews, 8 and 15 August and 14 November 1980). There was certainly no indication of any support within the union for the continuation of incomes policies (MS, 21 April 1978).

The NUPE leadership, therefore, consciously shifted the focus of its activities from the campaign against public expenditure cuts to a national campaign against low pay, particularly in the public sector (Interview, 7 August 1980; EcCteeM, 1978). The executive presented a special statement to the 1978 policy conference and a National Wages Campaign Committee was set up to coordinate the union's actions internally and with other unions (NUPE, 1978b; NUPE AC, 1978). As the campaign gathered momentum, the Government announced its intention to hold wage increases to a maximum of five per cent over the 1978-1979 pay round. NUPE leaders emphasized that such a limit was incompatible with the union's wage objectives and they continued to multiply their rallies and appeals to the public on their pay campaign. They also planned selective industrial action to apply further pressure (NUPE EcCteeM, 9 September 1978; NUPE IM, 11 October 1978; MS and Guardian, 8 October 1978). Indeed, much to the consternation of the other major unions involved in the joint public sector claim, some NUPE areas initiated sporadic industrial action during this period (DT, 15 December 1978).

A confrontation between the public sector unions' attempt to

restore relativities and the Government's attempt to enforce the Phase Four policy seemed inevitable. The failed attempt by TUC leaders in November 1978 to secure General Council consent for a new agreement on pay with the Government only added further impetus to the campaign. Indeed, the NUPE General Secretary was one of the General Council members to reject the proposed agreement (NUPE GSC, 20 November 1978). Already in September 1978, Alan Fisher had warned of the possibility of 'a serious winter of discontent' (The Times, 18 September 1978). As will be discussed further below, NUPE's campaign culminated in the major public sector disputes in January and February 1979. Thus, while the internal dynamics of the Social Contract incomes policies in NUPE did not really constrain a possible Phase Three agreement at the level of the TUC, they in fact precipitated the collapse of Phase Four.

ASTMS

The consistent opposition of ASTMS to pay policies in general and the Social Contract pay policies in particular has been documented in previous chapters. The continuation of this opposition meant that it experienced little internal pressure over the impact of the policies. ASTMS members certainly felt many of the same frustrations about the erosion of differentials and relativities. However, union policy-making did not provide any focus for the expression of such frustrations. ASTMS was unequivocally opposed to both Phases Three and Four and continued to advise members to circumvent the policies where possible, advising caution only on the TUC's commitment to the twelve-month rule which ASTMS had unsuccessfully opposed at the 1977 TUC (ASTMS AC, 1977 and 1978;

ASTMS GSC, 1 April, 21 July and 7 November 1977, and 10 February and 24 June 1978; ASTMS ECM, various dates). The ASTMS General Secretary was also an outspoken critic of TUC acquiescence in Phase Three (ASTMSJ, January/February 1978). There continued to be complaints from some activists and divisional councils that the executive was unwilling to support industrial challenges to the guidelines. The ASTMS leadership maintained, however, that it reserved the right to assess its support for disputes on the basis of their chances of success. Jenkins specifically ruled out the possibility of what he described as 'kamikaze actions', especially major strikes in the public sector (ASTMS AC, 1978; ASTMS IM, 19 January 1978; Interview, 21 August 1980). The public sector was, in fact, seen as the major incomes policy problem for the union. As opposed to the experience of most of its private sector membership in Phase Three, public sector technicians and many other ASTMS members in nationalized industries remained tightly constrained by the guidelines (Interviews, 8 June, 19 July, 20 and 21 August 1980). Their demands for substantial progress on their wage claims certainly pushed the General Secretary to look for some form of political initiative at the level of the TUC (ASTMS ECM, 11-12 November 1978; ASTMS GSC, 16 November 1978). The universities and health service wage claims ultimately became entangled with the other Phase Four public sector disputes and were also referred to the newly created Comparability Commission (see Clegg, 1980). Otherwise, internal ASTMS policy-making did not appear to reflect any substantial industrial pressures. Nor did it constrain the policy discretion of the General Secretary in TUC policy-making.

While most unions were moving away from any support of pay policies during this period, many ASTMS activists and officers considered that their General Secretary was actually moving in the opposite direction. Jenkins, it was argued, still did not support pay policies, but he was much less confrontational than had hitherto been the case. This change in emphasis was widely attributed to the General Secretary's election to the TUC General Council and his increasingly important role within key TUC committees (Interviews, various dates). The union had previously played somewhat of a 'maverick' role within the TUC. One officer noted that, in the light of both ASTMS's increased size and its leader's newly active role in policy-making at the TUC leadership level, the union's policies increasingly had to be 'dove-tailed' with those of the TUC (Interview, 28 July 1980). Another suggested that, once 'enmeshed in the system', there were more pressures to tread a moderate line because the General Secretary had more to lose (Interview, 11 August 1980).

The increasing participation of Jenkins in TUC consensus-building was evident in both of the Phase Four attempts to reconstruct the tattered relations between the TUC and the Government. Whereas ASTMS had previously opposed or abstained on all of the TUC pay policy initiatives during the Social Contract period (see Tables 1.4 and 1.5), Jenkins supported both the November 1978 tentative agreement with the Government and the Concordat in February 1979. The former case prompted a number of executive and divisional challenges to this alleged change in emphasis. The General Secretary responded that his actions were not inconsistent with the union's opposition to pay policy and that there was also a need for a

political initiative on public sector pay (ASTMS GSC, 15 and 16 November 1978; ASTMS ECM, 11-12 November and 9 December 1978). The apparent influence of TUC leadership positions on ASTMS internal policy-making has, in fact, continued to grow.' In contrast to what has previously been argued was the fragile character of TUC leadership policy-making, the case of ASTMS serves as a good illustration of the enduring qualities of this same policy process.

GMWU

Despite growing industrial pressures over the impact of the Social Contract incomes policies, the GMWU leadership was able to maintain a high degree of policy discretion on the possibility of further union commitments to wage restraint. This was an excellent illustration of a union leadership which placed a considerable priority on its loyalty to a Labour Government. The GMWU was not alone, however, in its attempt to maintain the Social Contract incomes policies in place. Both the AUEW and TGWU leaderships attempted to secure a degree of policy flexibility in an attempt to construct a possible Phase Three policy. They were rebuffed by their respective union conferences. The GMWU leadership was not. The GMWU and NUPE were the only sample unions to permit a degree of leadership flexibility on a possible Phase Three in the spring and early summer of 1977. Moreover, the GMWU was the only sample union not to reject outright the possibility of some agreement on a Phase Four, though it too ultimately rejected the Government's five per cent wage guideline. Indeed, as was illustrated in Tables 1.4, 1.5 and 4.2, the GMWU was the sample union most likely to support incomes policy during both the Social Contract and the entire post-war period.

This relatively greater policy discretion available to the GMWU leadership was no doubt linked to both the composition of the GMWU membership and its history of support for pay policies (see Chapter 4). However, it also represented a greater degree of leadership control over policy outcomes which was both unique to the pattern of power in the GMWU (see Chapter 7) and characteristic of the dual-channel unions. This was particularly true of GMWU conference policy-making which, because it did not permit much scope for the articulation and organization of industrial grievances about incomes policy, tended to limit the mobilization of opposition to the Social Contract pay policies. In common with all of the sample unions, there were increasing industrial pressures within the GMWU during this period. Nor were GMWU conferences immune to the expression of political opposition to Phases Two and Three, though such opposition appeared less vociferous and less organized than in most other unions. Whereas there had been little opposition to the Phase One and Two policies, there was increasing pressure at the 1977 and 1978 policy conferences to limit the flexibility of the GMWU leadership on external policy initiatives which might constrain bargaining freedom (GMWU AC, 1977 and 1978). However, the platform prevailed over all such opposition during the Social Contract incomes policy period. Ironically, it was only after the demise of the Social Contract pay policies, at the May 1979 conference, that a leadership recommendation on an opposition motion was rejected (GMWU AC, 1979). Thus, in contrast with the critical reversals of TGWU and AUEW leadership recommendations in 1977, the GMWU leadership suffered a comparatively minor incomes policy defeat and a full two years later.

By this time, such internal constraints were no longer of any consequence for the determination of external policy initiatives.

Given the GMWU's wide dispersion of membership, the industrial effects of Phases One to Three were differentiated by industry and occupation. It was generally acknowledged by industrial officers that the flat-rate bias of the Phase One and Two policies was easy to sell to the comparatively low-paid membership of the GMWU (Interviews, various dates). Indeed, motions in favour of flat-rate increases and cost-of-living allowances were common in GMWU bargaining policy forums. In sharp contrast with union negotiators in the AUEW and ASTMS who viewed with alarm the erosion of differentials over the course of Phases One and Two, GMWU members viewed this as a positive development. Indeed, at the very time that AUEW negotiators were pushing for the 'restoration' of differentials, the GMWU engineering industry conference opposed any widening of differentials between the unskilled and skilled (GMWU Engineering Conference, 6/7 April 1978). However, some bargaining groups were far from enamoured with the effects of the Phase Two policy and the differential application of the Phase Three guidelines sparked particular discontent among those who were rigidly tied to the ten per cent limit and had little scope for the negotiation of productivity agreements.

In contrast with the almost unanimous endorsement of the six pound policy at the 1975 National Industrial Conference of the Electricity Supply Industry, various delegates to the 1976 Conference complained about how they were 'bulldozed into the Social Contract' (GMWU Electricity Supply Conference, 16 December 1975 and 16 November 1976). By the autumn of 1977, a Yorkshire shop stewards committee

felt so aggrieved about the effects of pay policy that they initiated unofficial industrial action in apparent breach of the union's commitment to observe the twelve-month rule in Phase Three (Interview, 23 August 1979; GMWU AC, 1977: 330; The Times, 2 September 1977). They were persuaded to return to work and their eventual Phase Three settlement certainly exceeded the relatively tight application of the ten per cent limit which was common throughout the rest of the public sector. Even then, however, the Phase Three agreement was ratified by the slender margin of 550 votes in a poll of more than 80,000 trade unionists in the industry (GMWU Electricity Supply Conference, 29 March 1978; Interview, 21 August 1979; also TGWU Power and Engineering National Trade Group Committee, 21 July 1978).

The apparent and growing private sector hostility to the impact of the Social Contract pay policies generally dissipated where they were able to secure Phase Three productivity agreements. This was common, for instance, in the chemical, glass and engineering industries (Interviews, 9 August, 4 and 5 September 1979). Industrial officers in the gas industry suggested that they did not experience the strong industrial pressures common in so many other nationalized industries because a major productivity and restructuring agreement came into effect shortly before the implementation of Phase One. This alleviated at least some of the restrictive effects of the Social Contract incomes policies on earnings in the industry (Interviews, 22 and 31 August and 3 September 1979).

Much of the rest of the GMWU's large public sector membership

felt increasingly constrained by the union's commitment to the policies and the Government's rigid application of them. This was particularly the case in the water industry and among local authority manual workers and hospital ancillary staffs. Whereas only two of twenty-nine delegates to the NHS Hospital Ancillary Staffs Conference opposed the Phase One policy, seven of twenty-eight voted against complying with the Phase Two guidelines and by 1978 the discussion centred on the possibility of alternatives to industrial action (NHS Hospital Ancillary Staffs Conference, 28 August 1975, 15 September 1976 and 14 September 1978). Like the NHS ancillary staffs, many GMWU members in the local authority sector identified two particular sources of grievance: first, the non-consolidation of the Phase One and Two supplements which adversely affected their overtime earnings; secondly, the apparent ability of many private sector bargaining groups to escape the full impact of the Phase Three restrictions through the implementation of 'bogus' productivity agreements. Only one of nineteen lay speakers at the local authority manual workers' industrial conference opposed the six pound policy in 1975. By the time of the 1978 conference, activist frustration with the impact of the pay policies was evident. In a newly displayed assertiveness in what had previously been a fairly quiescent bargaining group, seventeen of forty-seven delegates present voted against their national officer's recommendation to coordinate their claim through the TUC (Interviews, 21, 23 and 30 August and 7 September 1979; GMWU Local Authority Manual Workers Conference, 21 August 1975, 24 August 1977 and 31 August 1978). The assertion of activist discontent was reported to be especially vehement in the water industry where members increasingly argued that their earnings should be comparable

to those in other public sector utilities rather than local authority manual workers (Interviews, 9 and 30 August 1979). Such industrial pressures may have been less acute than in some of the other sample unions, but they did represent a considerable effervescence for the GMWU. Indeed, many lay activists and full-time officers agreed that the frustrations of the period, in the words of one activist, 'helped to ventilate the union' (Interviews, various dates).

Why then, in the face of industrial pressures similar to those experienced in unions such as NUPE and the TGWU, was the mobilization of policy opposition to the Social Contract incomes policies in the GMWU so comparatively mild and delayed? Union policy structure appeared to play an important role. The weak articulation in the structure of GMWU policy-making between industrial decision-making and other policy-making meant that the GMWU provided less scope for the coalescence and aggregation of industrial and occupational grievances about the impact of the pay policies within union policy forums. In contrast, in the other major bifurcated union in this study, the TGWU, which also covered general workers, similar industrial pressures were translated very directly in executive and conference policy-making. The Social Contract incomes policies provided a dramatic impetus for the operation of the new industrial advisory bodies within the GMWU - the national and regional industrial conferences. However, the new activism in these bodies did not entail any formal policy limitations on the GMWU's external leadership role. They were bound to influence the leadership's judgment of what type of pay limits might be politically and industrially feasible. They also ensured that many national and

regional officials were much more cautious in the defence of pay limits than they had been in the past.

The national and regional industrial conferences were a natural forum for the expression of grievances about the impact of the pay policies. As dissatisfaction with the impact of the policies grew, especially after the rigid application of Phase Three in a number of industries, some of the industrial conferences became increasingly assertive. However, unlike the TGWU, these industrial policy bodies did not communicate directly with any larger policy body. Gas industry members were reminded at their 1977 industrial conference, for instance, that the executive was considering the union's attitude to the Social Contract and 'comments on general pay policy should be submitted through the normal channels', i.e., the branch (GMWU Gas Conference, 15 March 1977). As will be explored further below, this contrasted directly with practice in the TGWU where trade group committees forwarded motions directly to both the executive and the biennial policy conference. Many GMWU branches were organized on a territorial rather than an industrial basis. Their often heterogeneous composition and lower levels of participation made them less conducive than the industrial conference for the articulation of specific industrial grievances. Moreover, policy positions at conference were articulated exclusively through regional delegations. Indeed, delegates to the annual policy conference were specifically reminded that they were elected as representatives of their regions and could not be mandated by any branch (see Chapter 7). Thus, the structure of GMWU policy-making tended to give less formal scope for the expression of specific industrial policy positions.

The scope for platform policy initiatives was, however,

increasingly circumscribed during this period by the presence of opponents of a union commitment to wage restraint. Moreover, the question of opposition to wage restraint became inextricably linked with the exercise of greater lay autonomy and participation in union policy-making and industrial practice. This was manifested in repeated challenges to two of the major mechanisms of platform control at GMWU policy conferences: the regional block vote and the unmitigated procedural control exercised by the 'Chair' on behalf of the platform.

As opposition to wage restraint grew within the union, an increasing number of regional delegates insisted on a free vote on pay policy issues, as opposed to the previous system of regional mandating. The most vocal opponents of the platform at the conference were consistently the same individuals. However, their ability to sway delegates disenchanted with the impact of the pay policies was contingent on the existence of free regional votes. Otherwise, delegates were often committed to support the platform before the plenary economic debate had even taken place. Since there did not appear to be much regional mandating against the platform, a free vote was in many ways a proxy for opposition without undue embarrassment for the regional secretary or other executive members who had not delivered the support of the delegation to the position of the platform. The new generation of regional secretaries also appeared more amenable to the move away from regional mandating, though often on condition that the region retained the right to mandate on motions sponsored from that particular region (Interviews, 30 August, 5 and 6 September and 2 October 1979 and 4 September

1980). Delegates from the Lancashire, Liverpool, London and Scottish regions increasingly opted for free votes on pay policy issues despite the presence of a special executive motion in the 1977, 1978 and 1979 conference debates (GMWU AC, 1977-1979). Activists from these regions noted that the right to differ was initially hard won but reflected the generally positive move towards greater participation and consultation within the union (Interviews, 4, 5, 6 and 7 September 1979).

Opposition to pay policy also prompted increasing frustration with the exercise of procedural controls by the 'Chair' in conference debates. GMWU pay policy debates were invariably marked by major procedural controversies which seemed to arise from the close identification of the 'Chair' with the position of the executive. This was perhaps not surprising because the 'Chair' was a member of the GMWU executive but the identification with the positions of the platform seemed to be exceptionally strong in the case of GMWU chairmen of this period. In particular, the 'Chair' and the SOC tended to group together all motions that were not withdrawn in favour of the Special Executive motion and rule that if the Executive motion was passed then these other motions would fall. As a result, some opposition motions were not even moved. This type of procedural ruling gave rise to increasing dissatisfaction about the structuring of the debate and major procedural wrangles ensued. When such a ruling was challenged in the 1977 debate, the challenge gained majority support. However, it was ruled that such a challenge required a two-thirds majority which it did not attain (GMWU AC, 1977). An almost identical issue affected the 1978 debate over pay policy. The 'Chair' was again challenged. The challenge received

majority support, but it was ruled that it had not received the necessary two-thirds majority. However, the Vice-Chairman's 'two-thirds' ruling was this time also challenged and defeated on a simple majority. Therefore, the conference voted separately on both the executive motion and what the executive maintained was an opposition motion. The Executive motion was easily carried. The alleged oppositional motion, which its promoters argued was not in contradiction with the position of the platform, fell by the narrow margin of 204 to 199. The real issue in the debate was the degree of latitude to be allowed the General Secretary to explore the possibility of a Phase Four agreement (GMWU AC, 1978).

Thus, the effects of disenchantment with wage restraint, the erosion of the regional block vote and its impact on voting patterns, and the increasing challenges to overt procedural manipulation combined to narrow, albeit very slightly, the scope of leadership policy discretion in the GMWU. The GMWU executive continued to be characterized by its lack of opposition to the policy initiatives of the General Secretary. Indeed, most GMWU activists appeared genuinely encouraged by the progress towards a more participative and consultative form of internal union organization during the Basnett era. However, of all the union leaders in this study, the GMWU General Secretary's scope to pursue external policy initiatives was most unencumbered by internal policy constraints. From the failure of TUC efforts to agree with the Government on a formula for Phase Three onwards, David Basnett repeatedly sought to achieve some kind of reconciliation between the Government and the TUC. One senior GMWU official noted that there was always a danger

that Basnett behaved more as member of the TUC negotiating team than as General Secretary of the GMWU: 'there was nothing in the industrial sector which justified that action . . . [it] stemmed from a longer-term commitment to the Labour Party' (Interview, 24 July 1979). Even when the union was officially opposed to pay policy, it refrained from direct confrontations with the Government over the Phase Three guidelines and, in Phase Four, still did not vote against the Government at the 1978 Labour Party Conference, abstaining instead (Interview, 29 September 1980).

Both national industrial officials and the General Secretary were also concerned not to be caught out of step with the union's main industrial competitors, particularly the more oppositional approach adopted by NUPE in the public sector and the TGWU in both private and public sectors. The union's leadership clearly indicated that the union was opposed to the Phase Four policy which the executive labelled as 'unnecessary and counter-productive' (GMWUJ, August 1978). It was also a reluctant activist in the public sector disputes of January and February 1979. GMWU leaders, however, remained consistently open to incomes policy initiatives of a kind other than the five per cent Phase Four ceiling. This was no doubt related to its tradition of policy loyalism. It also reflected the reality of its bargaining practice. It was obliged to contend with all of the contradictions of free collective bargaining for its predominantly low-paid membership, particularly in the public sector. Thus, Basnett played the key role in attempting to construct a way out of the impasse over the Phase Four policy in the autumn of 1978. As will be discussed below, this solution proved impractical at that time in the bargaining round because most other union leaders either

remained profoundly sceptical of any new TUC agreement with the Government or were subject to much greater internal constraints than was the leader of the GMWU. The February reconciliation of the TUC and the Government, therefore, had to await the 'complete collapse of the Phase Four policy when the imperatives of union political practice dictated the need for some new agreement and internal union policy pressures were, in any case, much reduced.

TGWU

As opposed to the case of the GMWU whose leadership largely maintained its scope for external policy initiatives in the face of growing internal opposition to continued wage restraint, the expression of opposition within the TGWU was much stronger and more clearly articulated. As a result, when the General Secretary, Jack Jones, attempted to maintain a degree of internal policy flexibility for possible external developments on the definition of a less rigid form of pay guidelines for Phase Three, he was defeated at the union's 1977 Biennial Delegate Conference. This union policy decision was doubly important. First, it shifted the balance within the TUC away from any possible adherence to a Phase Three guideline. Secondly, it marked an unprecedented policy defeat for a leader of the TGWU (see Chapters 4 and 7). The previous chapter explored in some detail the case of the 1975 BDC of the TGWU and the mechanisms and processes of consent for leadership policy positions within that union conference.

Why then was the General Secretary's policy recommendation overturned in 1977? Although the membership composition of the TGWU was in some respects different from that of the GMWU, it was not that

different. The TGWU also had a history of recent opposition to incomes policies, but its tradition of support for leadership policy initiatives was certainly as strong as that of the GMWU. The major difference between the two unions was in their respective structures of policy-making. Whereas it has been argued that industrial policy and practice were relatively poorly articulated with other union policy-making in the GMWU, they were very closely linked in the case of the TGWU. Thus, the industrial grievances about the impact of the Phase One and Two policies became increasingly enmeshed with the expression of political opposition to the Social Contract incomes policies at trade group, regional, national executive and, finally, conference levels. It proved impossible for Jones to sway this coalition of oppositional forces towards greater leadership flexibility in the interests of a TUC effort to construct a Phase Three policy. Thus, the internal limits of leadership discretion determined the scope for external policy-making at the level of TUC-Government relations. This section briefly explores this process in the case of the TGWU. It first looks at the industrial impact of the policies on the TGWU, then looks at the expression of opposition in industrial, regional, executive and conference channels of policy-making.

Its enormous size, heterogenous composition of membership, diffuse structure and devolutionary bargaining policy ensured that the industrial impact of the Social Contract incomes policies was highly differentiated in the case of the TGWU. In common with the other sample unions, the union experienced increasing dissatisfaction with the impact of the policies on real earnings and on relativities

and differentials. The flat-rate bias of the Phase One and Two policies was often perceived as something of a TGWU bargaining coup vis-a-vis white-collar and craft-oriented unions within the TUC. However, the changes in intra- and inter-workplace differentials and relativities associated with the policies also engendered frustration and feelings of injustice among TGWU members. The disturbance of traditional relationships between workers on different forms of payment systems, the non-consolidation of the supplements and its implications for the calculation of overtime and shift premiums, and, in Phase Three, the apparent differential application of the guidelines in the public and private sectors stoked particular feelings of grievance in various TGWU bargaining groups. Moreover, the very fact that the union was committed to any form of wage guideline was the subject of some consternation. The union's previous commitment to a devolutionary bargaining policy had, after all, become synonymous with both shop steward or workplace power and a commitment to the practice of unfettered free collective bargaining (see Chapter 4). Most activists emphasized the difficulties experienced by shop stewards and convenors because of the constraints placed on local bargaining autonomy by the policies. From Phase Two onwards, there were increasing signs of internal tensions. Unlike the AUEW or FBU, these generally did not erupt into unofficial industrial action. Rather, they were manifested at various levels within the union's policy-making structure.

The TGWU was in essence a blend of regional and industrial groupings (see Chapter 4). Every TGWU member was part of both a trade group structure and a district or regional structure. Thus, branch activists might choose to participate in district or regional

committees and possibly even seek election as a territorial representative on the executive. Alternatively, they might focus their activities on regional or national trade group committees and conferences and perhaps seek election to the national executive as a trade group representative. Both of these channels of union decision-making articulated with the deliberations of the national executive and the union's biennial policy conference. This complex structure created a varied potential for the expression of opposition to pay policies. Most groups appeared either to support or acquiesce in the application of the Phase One and Two policies, but there emerged a patchwork pattern of opposition to the policies with occasional eruptions of frustration or policy challenges in both industrial and regional channels of union policy activity.

Like the industrial conference structure of the GMWU, the trade group structure in the TGWU provided a logical forum in which to express grievances about the impact of the pay policies in a particular industry. However, unlike the GMWU, the TGWU trade groups had a long organizational history and were well integrated into the overall structure of the union. Thus, trade group committees that were in disagreement with union policy could submit motions to the union's policy conference. They could also express their disagreement directly to the executive. Even though much of the internal opposition to the union's support of the Social Contract pay policies remained at the level of rhetoric, selected trade group committee minutes and interview data suggest that some national and regional trade group committees were more oppositional than others.³

Many of the national trade group committees appeared to be

primarily concerned with the application of the incomes policy guidelines. Thus, their deliberations concerned the detailed problems of application. These problems naturally also led to some consideration of the overall direction of the policies. In the General Workers Trade Group National Committee, for instance, there was little overt expression of opposition to the union's support of the Social Contract. However, prior to the conclusion of the Phase Two guidelines, concern was conveyed to the executive that the Chancellor's proposed three per cent limit would not be acceptable to the general workers trade group. Similarly, during Phase Two, it was indicated that any future pay policy deal would have to contain a greater element of flexibility (TGWU General Workers National Trade Group Committee, especially 23 April and September 1976). There was also relatively little opposition to the policies in another trade group committee covering relatively low-paid members, the Public Services Committee. When a Scottish branch submitted a motion critical of the Social Contract, for instance, the national secretary simply noted that this was a question for BDC policy-making and not the national committee (TGWU Public Services National Trade Group Committee, 15 January 1976).

In marked contrast to the relative quiescence of the general workers and public service committees during the tight phases of pay policy, the power and engineering, vehicle building and automotive, and civil air transport national trade group committees expressed either their opposition or concern on numerous occasions. The power and engineering committee received a number of motions hostile to the Social Contract pay policies from regional trade group committees, particularly the London and Northern Ireland regions. Such direct

challenges to union policy caused some controversy within the national trade group committee. Both the London and Northern Ireland Region power and engineering group committees, for instance, challenged the union's support of Phase One (TGWU London Region Power and Engineering Group Committee, 2 October 1975 and TGWU Power and Engineering National Trade Group Committee, 18 October 1975). When the National Committee received yet further motions in opposition to the pay policy, the National Trade Group Secretary attempted to dissuade the committee from discussing motions which were obviously in conflict with union policy. However, the Committee voted both to discuss the motions and to forward them with its support for the consideration of the executive (ibid., 15 January 1976). The power and engineering trade group remit was duly rejected by the executive (TGWU ECM, 2 March 1976). This created a stalemate within the committee about further scope for the expression of opposition (TGWU Power and Engineering National Trade Group Committee, 9 April 1976). The committee, for instance, did not challenge the executive on its support for Phase Two but its dissatisfaction with the policy was abundantly clear (ibid., 9 July 1976). When the Northern Ireland Trade Group Committee again submitted a motion critical of the Social Contract pay policies during Phase Two, once again with the support of the London trade group committee, it was resolved 'on a very narrow vote' that the motion not be supported (ibid., 15 October 1976). This confirmed the pattern of acquiescence, though there continued to be ructions within the national committee on this issue (see, i.e., the complaints by the committee member from Northern Ireland that the trade group's

executive representative had not conveyed sufficiently the strength of feeling against the pay policies within the trade group, 14 January 1977). However, as the national secretary made clear to the London Region trade group, the question of union support for pay policy would be debated by the 1977 BDC and the trade group would send delegates and could also submit appropriate motions (TGWU London Region Power and Engineering Trade Group Committee, 30 September 1976).

Such an approach was also adopted by the Civil Air Transport Section Committee. Members were initially content to note that union policy committed them to the observance of Phase Two (TGWU Civil Air Transport Section Committee, 23 June 1976). However, as internal industrial pressures mounted, the committee became increasingly confrontational. Thus, the committee later extended its congratulations to the members of the union's executive who voted against the Phase Two policy and expressed its opposition to any further period of wage restraint in a motion to the 1977 BDC (ibid., 22 September and 15 December 1976). The eruption of differentials disputes at Heathrow Airport was indicative of a highly volatile industrial climate. Civil Air Transport Committee members indicated that they were under extreme pressure for some form of action. Despite the opposition of the national officer, the Committee condemned the decision of the union's Finance and General Purposes Committee to observe the twelve-month rule between pay settlements during Phase Three (ibid., 7 September 1977).

The Vehicle Building and Automotive National Trade Group Committee was somewhat less confrontational, but its policy conclusions were eventually similar. It, in fact, indicated its

support for the Phase One policy but requested that the executive consult with the trade group committees before the conclusion of any Phase Two Deal (TGWU Vehicle Building and Automotive National Trade Group Committee, 16 January 1976). It also supported the executive decision to support Phase Two, even though it protested the lack of consultation with trade group committees on this question (ibid., 20 May 1976). However, when it was proposed that a similarly moderate resolution be forwarded for the agenda of the 1977 BDC, this was defeated in favour of a motion which stipulated that 'no useful purpose' would be served by a further round of wage restraint (ibid., 21 January 1977).

This differential organization of opposition to the policies was also reflected in the regional challenges to union support for pay policy. Such challenges came most consistently from the London, Scottish and Northern Ireland Regions. The London Region committee was clearly the most oppositional. This was possibly linked to its highly centralized trade group structure. It was the major region in the union which had not adopted the district committee structure in place of the regional trade group structure as was pioneered in the West Midlands. As a result, most industrial matters were the prerogative of the regional trade group committees and the regional committee became a forum for policy/political activity. The London Region Committee vociferously challenged the union's support of Phase One. It was also opposed to Phase Two and bitterly contested the executive decision to observe the twelve-month rule in Phase Three (TGWU F&GPCM, 11 August 1977). Moreover, the London Region representatives on the executive tended to take an oppositional

position (Interviews, various dates). This basis of London activism was also clearly reflected in the motions against pay policy at the 1977 BDC where of the fourteen regional trade group or district committees opposing pay policy six were from the London Region (TGWU BDCA, 1977). Scotland also played an oppositional role. Most significantly, in the period preceding the 1977 BDC, delegates to the April 1977 Scottish TUC ignored the General Secretary's pleas for an orderly return to free collective bargaining and opted for an immediate return (Interview, 26 September 1980; Scotsman and Glasgow Herald, 19 April 1977). While the West Midlands and Northwest regional committees were perhaps less vociferous in their opposition to pay policy, these regions had the highest proportion of branch motions against pay policy relative to their size (calculated from TGWU BDCA and TGWUR, 1977).

In contrast, some of the regions were clearly identified as supportive of the union's position on pay policy and supportive of the union's leadership more generally. The Southern Region Committee, for instance, was the only regional committee associated with the executive recommendation in favour of an orderly return to free collective bargaining at the 1977 BDC (TGWU BDCM, 1977: 15). Wales and the Northeast were also generally regarded as in support of the executive position. For instance, in direct contrast to what happened at the Scottish TUC, the TGWU delegation to the Wales TUC supported Jones's recommendations on an orderly return to free collective bargaining (Interviews, 25 February and 2 and 3 October 1980).

The burgeoning internal opposition clearly had an impact on the union's executive. Members recalled being increasingly uneasy about

the impact of the policies, but also being faced with the question of loyalty to a General Secretary who was committed wholeheartedly to the pursuit of the Social Contract. Opposition to Phase Two within the executive had apparently played an important role in securing the General Secretary's unequivocal commitment to a return to free collective bargaining at the end of Phase Two (see Chapter 7). Despite some suspicions that he was seeking to construct some kind of Phase Three, Jones successfully obtained an executive recommendation to the 1977 BDC in favour of an orderly return to voluntary collective bargaining and managed to maintain that executive position in the face of growing internal pressures prior to the BDC (TGWU ECM, 1 December 1976 and 28 February 1977; Interviews, various dates). However, reportedly at the insistence of a number of executive members, this fairly moderate position on pay was combined with a series of increasingly direct attacks on Government economic policy (TGWU ECM, 1 December 1976 and 30 May 1977; Interview, 26 September 1980; The Times, 7 December 1976). Indeed, it was suggested that executive support for an orderly return to normal collective bargaining was based on the understanding that the Government would make some dramatic moves against price increases (Interview, 6 March 1980; Wintour, 1977). The rising tide of regional and industrial opposition to wage restraint was certainly evident within the executive, although mitigated by a strong loyalty and susceptibility to the direct appeals of the General Secretary.

These industrial and political pressures culminated at the union's 1977 BDC. The overwhelming majority of motions on the agenda were against any further pay policy (TGWU BDCA, 1977). The real

debate concerned whether the return to free collective bargaining was to be 'orderly' or 'immediate'. It was most significant that Jones was unsuccessful in his attempt to rally most of the agenda motions around the platform's endorsement of 'an orderly return to voluntary collective bargaining', a position which was, of course, also consistent with the position adopted by the TUC at its 1976 Congress. As opposed to the long composite motion enumerating various priorities for a return to voluntary collective bargaining suggested by the platform, the opponents of the Social Contract, including a number of prominent executive members, were successful in drafting a straightforward endorsement of a return to 'unfettered collective bargaining' at the end of Phase Two. The success of the pay policy opponents in drafting this motion was reportedly linked to better organization than at the 1975 BDC including a change in the composition of the SOC (Interviews, various dates). Moreover, Jones was unable to allay suspicions that an orderly return to voluntary collective bargaining would be tantamount to support for a Phase Three policy. The association of branches and various committees with the contending motions was most revealing. Only the Southern Regional Committee and three branches were associated with the motion supported by the platform. In contrast, the opposition motion was supported by the London Regional Committee and five of its regional trade group committees, one national trade group committee (Civil Air Transport), at least five district committees and fifty-one different branches (TGWU BDCM, 1977).

The arguments over pay policy were by this time well rehearsed. Indeed, they were not markedly different from the debate at the 1975 BDC (see Chapter 7). Most of the same types of appeals to different

identities were deployed by the General Secretary and the supporters of his position. Jones spoke of the need to maintain the 'solidarity' of Phases One and Two in the return to normal collective bargaining (see also TGWU Vehicle Building and Automotive Group Conference, 1 July 1977). He argued that the union could not afford to lose its previous gains in a wage explosion, that it was necessary to preserve the unity of the trade union movement and, of course, that it was vital to support the Labour Government, particularly when faced with a Conservative alternative. His supporters also referred to the need for membership loyalty to the position of the General Secretary. Opponents argued that their level of sacrifice had been high with little to show in return. They argued that the Government had not fulfilled its part of the bargain and, instead, had placed 'an undue emphasis . . . upon wage levels as being a major source of inflationary pressure'. With price increases outrunning wage increases, levels of unemployment still high, and the degree of dissatisfaction with the Government's pay policies at a new peak, the opponents no doubt had a more powerful set of arguments than in 1975. Most significantly, they could appeal to the whole range of industrial grievances that had worked their way from the industrial channel of the union to the policy channel.

The regional and industrial patterns of opposition and support for pay policy were also evident in the contributions of the speakers in the debate. Table 8.1 charts the regional and trade group variations in consent for and opposition to pay policy in terms of speaker contributions to BDC policy debates. In order to draw on a larger sample base to assess these variations, it adds the results of

TABLE 8.1

TRADE GROUP AND REGIONAL VARIATIONS IN CONSENT FOR AND OPPOSITION TO
PAY POLICY AT THE 1973, 1975 AND 1977 TGWU BIENNIAL DELEGATE CONFERENCES:
Relative Over-and Under-Representation in Speaker
Contributions to the Main Pay Policy Debates.

TRADE GROUP	Number of Speakers		Over-and Under- Representation		Composite Pro (+ = consen (- = oppositi
	FOR	AGAINST	CONSENT	OPPOSITION	
Automotive	5	13	+2.	+10.	-8.
Building	4	7	+4.6	+6.	-1.4
Chemical	4	3	+2.	-2.6	+4.6
Clerical	2	3	-2.3	-2.4	+0.1
Commerical	5	6	+0.5	-1.9	+2.4
Docks	1	6	-0.3	+6.4	-6.7
Food	2	5	-6.5	-3.6	-2.9
General	5	4	-1.3	-6.7	+5.4
Passenger	2	6	-2.6	+1.8	-4.4
Power	5	6	-2.4	-4.8	+2.4
Public Services	6	5	+3.2	-2.9	+6.1
Total	41	64			
REGION					
1. London	6	17	-12.3	-0.5	-11.8
2. Southern	1	3	-2.8	-0.6	-2.2
3. Southwest	8	3	+11.	-2.7	+13.7
4. Wales	6	3	+7.9	-1.2	+9.1
5. Midlands	6	11	-4.2	-1.4	-2.8
6. Northwest	1	10	-9.5	+3.1	-12.6
7. Scotland	5	8	+2.6	+3.1	-0.5
8. Northern	3	1	+2.4	-2.9	+5.3
9. Yorkshire	6	4	+8.9	+1.3	+7.6
10. Humberside	1	3	-0.7	+1.5	-2.2
11. Ireland	1	3	-2.7	-0.5	-2.2
Total	44	66			

Source: TGWU BDC 1973, 1975 and 1977; and TGWU BDCM, 1973, 1975 and 1977.

the 1977 pay policy debates to those of the 1973 and 1975 debates previously examined in Table 7.1. Of the fifty delegates called from the floor in the 1977 policy debate, thirty-six spoke against the platform and fourteen spoke for it. In terms of industrial pressures, the automotive and docks trade groups were clearly oppositional, whereas the public service and general workers trade groups were among the most supportive of the platform's recommendations. The regional patterns also correlated with other indications of regional support and opposition. Thus, in terms of speaker contributions to the debates, the Northwest and London were clearly oppositional in their profiles. The Southwest, Wales, Yorkshire and the Northern regions, on the other hand, were all relatively supportive. The interview evidence certainly confirms this pattern. It was argued that the opposition motion at the 1977 BDC was strongly supported by London, the West Midlands, the Northwest, Scotland, Humberside and Ireland. The Southwestern, Welsh and Northern regions, on the other hand, largely supported the platform (Interviews, various dates). Since the largest regions were those in opposition to a continuation to pay policy, it is hardly surprising that the opposition motion was passed by a large margin on a simple show of hands (Guardian, 7 July 1977).

Thus, multiple internal pressures pushed the TGWU conference away from the recommendations of its General Secretary. These pressures were not manifest at the 1975 BDC, even though many of them were predictable. In the interim, however, discontent with the impact of the policies had been organized around a multitude of possible pressure points in the industrial and regional structures of the union. These combined to ensure the defeat of any further

commitment to wage restraint and alter the direction of external policy-making.

The General Secretary still possessed a degree of policy discretion. He had, after all, received a standing ovation after his defeat at the 1977 BDC. Despite some very vehement challenges from the London Regional Committee and a couple of trade group committees, he successfully persuaded the F&GPC and the executive that while the union was opposed to a twelve-month gap between principal wage settlements - the remaining vestige of a TUC-constructed Phase Three policy - and would vote against it at the 1977 Congress, it would be obliged to observe it if such a position was adopted by the TUC (TGWU F&GPCM, 14 July and 11 August 1977; TGWU ECM, 19 September 1977). Internal constraints were sufficiently great not to go any further. Indeed, thereafter, under the leadership of the new general secretary, Moss Evans, the Executive was unequivocal in its total opposition to wage restraint. It gave complete backing to the industrial civil service dispute in the latter stages of Phase Three and played a major role in the Ford, commercial transport and local authority disputes which precipitated the collapse of Phase Four (see, i.e., TGWU ECM, 5 June, 18 September, 4 and 5 December 1978; TGWU GSC, 15 January 1979).

Patterns and Processes of Acquiescence and Opposition

While many of the grievances about the impact of the Social Contract incomes policies were specifically industrial in nature, formal opposition to the policies was articulated on a regional basis in all of the sample unions. Both single- and dual-channel unions were divided for administrative and representational purposes into

various geographical or regional units. Each of these units had some officer presence and representative structure at local level. Whatever their particular industrial composition, they generally elected representatives to the national executive. They also elected delegates to attend union policy conferences and these delegates generally attended the conference as a group. In some unions such as the GMEWU, they also voted as a group. Thus, the regional or geographical unit was a key variable in the organization of union policy-making. Union leaders attempted to anticipate particular regional positions in order to determine the overall pattern of union support for or opposition to a particular policy. Effective opposition to policies often depended on the ability to build inter-regional alliances. Moreover, quite apart from the substantive merits of particular policies, it appears that some regional units were generally more supportive or oppositional vis-a-vis the union leadership than others, particularly with regard to the platform at policy conferences. This section explores briefly the patterns of regional support and opposition to the Social Contract incomes policies in the sample unions.

Tables 8.2 and 8.3 identify patterns of regional support for and opposition to incomes policy in the sample unions. The 'Notes and Sources for Table 8.2' recounts the methodology used in constructing them. To compare geographical variations within and between the unions it was necessary to create roughly comparable geographical units. The number of administrative regional units in the unions varied from ten in the GMWU to twenty-six in the case of the AUEW Engineering Section. However, it was possible to identify basically

TABLE 8.2

REGIONAL SUPPORT FOR AND OPPOSITION TO INCOMES POLICY
IN THE SAMPLE UNIONS 1976-1977

COMPARATIVE REGIONAL UNIT	UNION	ASTMS	NUPE	TGWU	GMWU	AUEW(E)	FBU	TOTALS BY REGION	
		1976	1976	1977	1977	1976	1976	S	O
EAST ANGLIA		0	S			0	0	2	5
				S/O	S/O				
	LONDON	0	S/O			0	S	3	5
SOUTH- EAST	SOUTH-EAST	0				S			
	&		S	S	S		S	7	2
	SOUTH	S				S/O			
SOUTH-WEST		S	S/O	S		S	S/-	6	1
					S				
WALES		S	S/O	S		S	S/O	6	2
WEST MIDLANDS		S/O	S	0	S	S	0	4	3
EAST MIDLANDS			S	S		S	S	5	0
		-			S				
HUMBERSIDE				0		S/O	S	4	3
&			S/O						
YORKSHIRE		-		0	S	S/O	S	4	3
MANCHESTER/LANCASHIRE		S/O	S/O		0	0	S	3	5
				0					
MERSEYSIDE/NORTHWEST		0	S/O			0	0	1	6
					0				
NORTHERN IRELAND		-	0	0		S	-	1	3
	WEST COAST		0			S/O		2	5
SCOTLAND		S		0	0		0		
	EAST COAST		S			S/O		3	4
NORTHERN (NORTH-EAST)		S	S/O	S	S	S	-	5	1
REGION								56	47
TOTALS BY									
		S O	S O	S O	S O	S O	S O	S O	S O
UNION									
		7 6	12 9	5 7	7 4	12 9	8 5	51	40

S :support for pay policy

0 :opposition

S/O :split observation, support/opposition

- :no reliable observation available

Notes and Sources for Table 8.2

NOTES: N = 90 observations on 80 different regional cells, 5 of the possible 80 cells had no observation. One FBU regional cell was split with an observation on only one brigade in the region. Some cells have split observations in order to indicate that different union policy units within the comparative regional unit took a different position on support for incomes policy. Other cells are double-counted because they cover more than one of the comparative regional units or subdivisions therein. Therefore, the totals by region do not equate with the totals by union. The totals by region include some double-counting of observations whereas the totals by union do not.

The period of observation in each union was selected in relation to the best indication of positions for and against incomes policy in that particular union towards the end of either Phase One or Phase Two. In the TGWU and the GMWU, for instance, there were substantial debates at their respective conferences on support for the Government's incomes policy (TGWU BDC, 1977; GMWUAC, 1977; Interviews, various dates). The union totals in each case are a fairly good indication of the relative balance of forces at that time. The TGWU General Secretary was defeated in his attempt to secure continued conference support for incomes policy. The GMWU General Secretary was given greater latitude by his union conference to continue negotiations on a possible policy. In the other sample unions, 1976 was chosen as an observation date because there was no substantive debate in 1977. Opposition to a continuation of voluntary wage restraint was clearly predominant in 1977. The debates in 1976 in these unions, however, provide a good indication of the different regional profiles for inter-union comparisons. The AUEW(E) observation is based on the debate at the 1976 National Committee (AUEW NCR, 1976; Interviews, various dates). The FBU observation is based on the debate within the union's executive and the annual conference debate (Interviews, various dates; FBUAC, 1976). The NUPE observation is based on the results of a ballot of the membership (NUPE IM, 15 June 1976; Interviews, various dates). Finally, the ASTMS observation is based less on expressed support for incomes policy and more on whether or not the union was taking an active enough line against the policy. This proxy of support and opposition for the Government's incomes policies was again used for purposes of inter-union regional comparison. The ASTMS observation relates to its 1976 policy conference (ASTMSAC, 1976; Interviews, various dates). The greater number of observations in support of incomes policy or, in the case of ASTMS, the platform position reflects the bias of the 1976 observation date. In conformity with the general movement against the policies, a 1977 observation date in all unions would indicate many more opposition observations by region and by union.

SOURCES: Interview data, press reports, and internal union documents relating to policy conference decisions or membership ballots in 1976 and 1977.

TABLE 8.3

PATTERNS OF REGIONAL SUPPORT FOR AND OPPOSITION TO
INCOMES POLICY IN THE SAMPLE UNIONS, 1976-1977
(Summary of Table 8.2)

COMPARATIVE REGIONAL UNIT	SUPPORT	OPPOSITION	REGIONAL PROFILE
EAST ANGLIA	2	5	OPPOSITION
SOUTH- LONDON	3	5	OPPOSITION
EAST SE & SOUTH	7	2	SUPPORT
SOUTH WEST	6	1	SUPPORT
WALES	6	2	SUPPORT
WEST MIDLANDS	4	3	MIXED
EAST MIDLANDS	5	0	SUPPORT
HUMBERSIDE & YORKSHIRE	4 4	3 3	MIXED MIXED
NORTH- MANCHESTER/LANCS.	3	5	OPPOSITION
WEST MERSYSIDE	1	6	OPPOSITION
NORTHERN IRELAND	1	3	OPPOSITION
SCOT- WEST COAST	2	5	OPPOSITION
LAND EAST COAST	3	4	MIXED
NORTHERN (NE)	5	1	SUPPORT
TOTALS:	56	47	

common regions in most of the unions and then indicate any necessary subdivisions or aggregations of those particular units in the case of each union. The observations on particular regional positions are based primarily on conference policy-making on incomes policy in either 1976 or 1977 and they are drawn from a wide variety of source and interview materials (see Notes and Sources for Table 8.2). There are important limitations in comparing regional positions in different unions in different years whether on Phase Two or on a possible Phase Three depending on the union. However, it was estimated that a genuine debate over the merits of pay policy was a better indicator of significant regional variations in consent for and opposition to pay policy than was a largely formal debate with little indication of policy variations.

Table 8.2 gives detailed observations for each region in all of the unions. Table 8.3 summarizes the regional positions. They suggest that, irrespective of the dominant policy approach in the individual union, some regions tend to exhibit a strong correlation with positions either in favour of or in opposition to pay policy. A number of regions demonstrate the mixed profile that would be anticipated in unions with different policy approaches to incomes policies. However, other regions indicate a marked propensity in one direction or another. For instance, the East Midlands region was associated with relative support for pay policy in all of the five unions where an observation was available. Similarly, the Southeastern and Southern, Southwestern, Welsh and Northern regions of different unions were all identified with support for the Social Contract pay policies in most of the available observations. In contrast, East Anglia, London, the Northwest, Northern Ireland, and

the west coast of Scotland were more strongly associated with opposition to the policies.

These variations suggest important implications for an understanding of both patterns of union support for and opposition to pay policy and the process of union policy-making itself. First, the strong regional correlations point to the existence of factors external to unions which exercise an important influence on a given region's particular profile on incomes policy. Irrespective of particular industrial identities and union cultures, regional and community political traditions appear to exert an important influence on union policy-making at local level. This is perhaps not surprising, but it is an important reminder of the very pronounced regional and/or local character of union political and industrial practice. In particular, it highlights the need for an understanding of the particular organizational and cultural mechanisms for propagating particular local traditions. A micro-level explanation of union attitudes to incomes policies might, therefore, focus on the formal and informal mechanisms for inter-branch and inter-union contacts at regional level as well as prevailing community and industrial traditions. The role of trades councils, informal networks of political activists and local political parties, for instance, merit particular scrutiny. This finding also suggests that any adequate theorization of trade unionism must account for its pronounced regional character.

Secondly, the regional character of support for and opposition to pay policies highlights the need for an understanding of how particular regional positions are aggregated at national level to

determine union support for or opposition to a particular pay policy phase. In other words, how do patterns of support and opposition on pay policy condition internal policy-making processes and vice versa? The process whereby particular local positions are aggregated appears to be highly differentiated by union. The identification of strong regional policy profiles on pay policy suggests, for instance, that union leaderships might seek to promote their policy preferences differently according to regional profiles. They might also seek to construct regional alliances on key policy issues on the basis of these profiles. Moreover, the regions with mixed profiles such as the West Midlands, Humberside, Yorkshire and the east coast of Scotland might serve as a special focus of attention in the mobilization of consent and opposition.

The differences in the structure of union policy-making also exercise an important influence on this process. First, the expression of particular industrial tensions was more sharply focused in the single-channel unions such as the FBU and the AUEW than in the dual-channel policy structures of the TGWU and GMWU. Secondly, the existence of particular control mechanisms such as factional alliances or regional mandating obviously exerted an important influence on the relative discretion of various union leaderships. Leadership discretion was very much a product of leaders' ability either to construct or anticipate various regional patterns. Indeed, union general secretaries certainly communicated with key regional officials to determine regional pre-dispositions on key policy issues.

Some TGWU officials have argued, for instance, that a number of TGWU regional secretaries simply misread the voting intentions of

delegates in their regions and Jack Jones was, therefore, unable to anticipate the extent of the likely defeat at the 1977 BDC (Interviews, 2 and 3 October 1980). David Basnett, on the other hand, was able to count on the ability of GMWU regional secretaries to deliver the vote for the platform at GMWU conferences. The President of the AUEW actually had little policy discretion in this sense. AUEW policy on wage restraint was largely the product of factional dominance. However, the close balance between the factions meant that key regions such as the Northeast played a preponderant role in the determination of AUEW policy-making. The FBU executive representation was closely linked with regional divisions within the union, though the strength of downwards mediations in the union was limited by both a high degree of brigade policy autonomy and the existence of different 'political' groupings on the executive. The NUPE conference policy process tended to be highly disaggregated and, therefore, exhibited less pronounced regional patterns. Individual branch delegates remained largely autonomous. Indeed, the leadership had consciously sought to foster greater inter-branch contact in the regions through the creation of area committees. However, these were not very active until Phases Three and Four when discontent with the Social Contract pay policies was much stronger. Finally, the ASTMS divisional councils tended to reflect a very distinct regional flavour. The Divisional chairperson, a lay activist, led the delegation to the policy conference. The link between individual executive representation and divisional policy-making was often weak which meant that the platform was limited in its ability to influence regional policy positions. Although not significant on pay policy,

this has been an important factor in limiting relative leadership discretion in ASTMS on issues such as industrial democracy and nationalization of the finance sector (see ASTMS AC, 1977 and 1978). However, because the union's approach to pay policy was largely uncontentious, the lack of downwards control from the executive into the divisions was not an important factor in the union's role in the Social Contract pay policies.

This chapter has, thusfar, focused on the internal dynamics of the Social Contract incomes policies. In particular, it has attempted to illustrate how the industrial pressures associated with the impact of the policies were increasingly manifested in the internal policy-making of the sample unions. This process was highly differentiated by union in terms of its structure and prevailing mechanisms for downwards mediation of policy messages. However, policy opposition tended to be expressed on a regional basis in all of the unions. Indeed, regardless of the individual union's policy position, many of these regional units demonstrated a common propensity either for or against pay policy. Despite the organizational and cultural peculiarities of each of the unions, the mobilization of opposition to the Social Contract incomes policies generally had a common effect on the sample union leaders. It increasingly limited both their discretion and inclination to participate in the construction of any TUC-level consensus on future pay policies. The final part of the chapter looks at the implications of these internal union dynamics for external policy-making.

EXTERNAL POLICY-MAKING

The demise of the Social Contract incomes policies was phased over two pay policy periods. In the first, Phase Three, the TUC did not endorse the Government's proposed wage guideline, but most affiliates appeared to acquiesce in the implementation of the policy. Private sector acquiescence was facilitated by the inclusion of productivity agreements under the terms of the guidelines. Public sector bargaining groups, however, remained tightly bound by the Phase Three wage norm, thus exacerbating the build-up of industrial tensions in the public sector. When the Government attempted to enforce a five per cent pay limit in Phase Four, it encountered major obstacles in both the private and public sectors. These precipitated the collapse of the policy and, ultimately, the Government itself. Since this period has been the object of much scrutiny in the literature, this section does not attempt to give a full account of macro-level developments (see Panitch, 1979; David Coates, 1980; Minkin, 1980; Barnett, 1982; Dorfman, 1983; Rodgers, 1984). Rather, it explores briefly the implications of internal union policy-making for TUC policy-making and TUC relations with the Government. The first part focuses on the TUC decision not to endorse a Phase Three policy and its continued acquiescence in the Social Contract incomes policies, nonetheless. The second charts the successive TUC attempts to prevent the collapse of the Social Contract in 1978 and 1979.

The Withdrawal of TUC Support

From the autumn of 1976 to the summer of 1977, TUC leaders repeatedly sought to broaden any debate on future wages policy to a consideration of the Government's economic strategy. This was

certainly a familiar refrain as they had consistently argued for a change in strategy since the implementation of Phase One (see Chapter 6). The fact that the Government's projections for price increases were so desperately wrong over the course of Phase Two only added further to their conviction that the Government's economic approach was wrong. The TUC was already committed to a 'planned return to free collective bargaining' (TUCR, 1976: 523). TUC leaders argued that an orderly return to collective bargaining must be set in the context of a strategy to tackle both unemployment and inflation. It was simply not acceptable, however, that the Government should try to gain compliance for future policies on the basis of trade-offs on taxation policy (TUC ECD, 13 October, 10 November and 8 December 1976; TUC Circular, 16 December 1976).

The credibility of Government economic policy was especially critical because of its highly precarious position in parliament (LCM, 21 March 1977; Mitchie and Hoggart, 1978: 21).⁴ As in the previous year, the Chancellor had hoped that a Phase Three deal might be worked out in pre-budget consultations (FT, 13 January 1977). Despite both the TUC commitment to return to free collective bargaining and a waning enthusiasm for Government economic policies, key TUC representatives, particularly the 'NEDC six', did seem disposed towards some flexible form of Phase Three (GMWU IM, 26 January 1977; TGWU ECM, 1 December 1976; MS, 10 January 1977; FT, 21 January and 8 February 1977; Guardian, 1 April 1977). They had invested much of their own credibility in the success of the Social Contract incomes policies. Moreover, the experience of the 1974-1975 incomes policy re-entry phase highlighted the economic and political

dangers of an uncontrolled return to free collective bargaining. However, as during Phase One, TUC leaders refused to give any indication of their position on pay until they had had a chance to assess the broader package of economic measures in the spring budget (TUC ECD, 9 March 1977; FT, 8 February 1977; Guardian, 10 February 1977). Jack Jones, for instance, made a particular push for dramatic action to halt price increases (TGWU F&GPCM, 31 March 1977; Interview, 6 March 1980; Guardian, 4 March 1977; FT, 10 March 1977; The Times, 2 April 1977).

When the Chancellor did table his budget, the TUC once again expressed its lack of enthusiasm (TUC ECM, 13 April 1977). The Chancellor could only express his optimism that prices increases were bound to decline over the course of the coming year and that trade union cooperation was fundamental to the achievement of this objective. The TUC, meanwhile, re-emphasized the importance of new measures to tackle unemployment, control prices and promote economic growth. It appeared that the relationship between the NEDC Six and key economic ministers was increasingly coloured by trade union disillusionment. Despite its continuing policy work, the Liaison Committee provided little scope for fresh impetus in TUC-Government relations. The NEC and PLP or Cabinet representatives were by then engaged in continual conflict and the Committee provided one of the few opportunities for at least some of the NEC members to confront directly Government ministers on their policy orientations. Unlike the previous years, there was no immediate economic crisis to precipitate an incomes policy agreement. In these circumstances, many of the sample union leaders noted that they were given very little to 'sell' to their members (Interviews, 23 October 1979 and 30 April and

16 May 1980). Yet, if the TUC was to embark on any Phase Three agreement, that was precisely what key union leaders had to do.

Internal union pressures necessitated a more consultative build-up to a possible Phase Three policy. As various union conferences assembled to determine their policy positions on further rounds of wage restraint, it was increasingly clear that the major division between the advocates and opponents of pay policy was between the TUC's declared preference for an 'orderly' return to 'voluntary' collective bargaining and an 'immediate' return to 'free' collective bargaining. These were, of course, codewords to distinguish between those who were willing to contemplate some form of Phase Three restraint, albeit with much greater flexibility, and those who were hostile to any further period of restraint, whatever its design. Senior TUC leaders preferred an orderly return because they feared the political and economic consequences of a 'disorderly' return. Such an approach also offered potentially greater political returns in terms of future cooperation and 'policy dividends' from the Government. Key trade union leaders appeared to gauge their political strategies in terms of access to governments, particularly Labour governments, and the potential that such access offered to influence policy orientations. Continued cooperation in wage bargaining, albeit in a much modified form, seemed to offer greater possibilities for such access. However, the ability of the TUC leadership to sell such an approach was largely contingent on the policy positions of individual affiliates. These internal dynamics of incomes policies determined both the scope for leadership policy discretion on this issue and the potential to construct a fragile consensus at

leadership level around some form of Phase Three policy. As the balance of policy positions shifted towards an immediate return to free collective bargaining, however, the discretion available to construct such a policy increasingly narrowed. Unions such as the AUEW, ASTMS and FBU were clearly opposed to any further wage restraint. NUPE and the GMWU, however, gave their respective leaderships much greater scope to explore the possibilities of a negotiated settlement. The opposition of both the TGWU and the NUM July conferences to any wage restraint shifted the balance irrevocably away from a formal TUC commitment to a Phase Three. Indeed, the TUC was unable to offer any formal cooperation in such a policy other than the commitment that it had already made to continue to observe the twelve-month interval between principal wage increases (TUC ECM, 14 June 1977; TUC ECD, 13 July 1977; TUC Circular, 23 June 1977). As the TUC representatives told the Chancellor in a 12 July meeting, 'pressures on unions were now such that any attempt to suggest a norm or ceiling on the part of the TUC would be repudiated by the membership and could cause severe problems for individual unions' (TUC ECD, 10 August 1977).

This was certainly the Government's reading of the situation. Whereas it had previously hinted at a range of possible concessions in return for TUC cooperation, Treasury ministers were increasingly unwilling to reveal the extent or nature of concessions on offer unless the TUC would name some level of wage settlements which it would be prepared to endorse (Observer, 17 July 1977). Given the disparity of views within the TUC General Council, TUC leaders were both unable and unwilling to do so. TUC representatives noted in a 13 July meeting with the Prime Minister that they were receptive to his

arguments, but 'there was a great deal of scepticism from the membership' (TUC ECD, 10 August 1977). They indicated their desire to avoid any damaging confrontations which might undermine the success of the previous two years of sacrifice and, therefore, emphasized the importance of a flexible approach on the part of the Government. Thus, the TUC announced its inability to come to any agreement with the Government on a Phase Three norm. Significantly, although it did not endorse the ten per cent guideline (see Phase Three, 1977), it did not condemn it either. It also reaffirmed its intention, contingent on the support of Congress, to observe the twelve-month rule. With their scope to construct and implement an internal consensus on a Phase Three thus limited by the internal dynamics of incomes policy, TUC leaders could at most practise an implicit policy of acquiescence (TUC ECM, 19 July 1977; TUC Circular, 27 July 1977).

The twelve-month rule, however, still proved problematic for the TUC. Many opponents of wage restraint suspected that it represented the thin edge of more elaborate further restraint. Both the TGWU and the AUEW leaderships experienced vehement reactions to their positions on the twelve-month rule. Jack Jones, for instance, persuaded the TGWU F&GPC of the importance of supporting this limited concession in effecting an orderly return to free collective bargaining (TGWU F&GPCM, 14 July 1977). However, faced with a strong challenge from the leading opponent of wages policy within the union, the London Region Committee, the General Secretary was obliged at the next F&GPC meeting to clarify that the TGWU would vote against the twelve-month rule at the TUC and support it only if it was

adopted as official TUC policy (ibid. and TGWU GSC, 11 August 1977). The readiness of the AUEW executive to support the twelve-month rule, despite the National Committee's opposition to further wage restraint, ensured that the twelve-month rule was actually adopted by the TUC (TUCR, 1977). The AUEW executive was able to support the twelve-month rule and subsequently have its controversial interpretation endorsed by a recalled National Committee because of the discretion made available by the factional system of political organization (AUEW RNCR, 1977; Fenton, 1977; Interviews, various dates). TUC credibility was in this case judged to be an overriding priority and the dominance of the moderate faction in both the executive and the national committee ensured both that this was judged as a political priority and that internal union policy could subsequently be clarified in that direction. GMWU policy was clearly conducive to the adoption of the twelve-month rule. ASTMS was opposed, but largely acquiesced in its implementation. Nor did the twelve-month rule prove a particular problem for the public sector membership of NUPE and the FBU since they generally negotiated on an annual basis in any case.

The Phase Three policy did provide sufficient flexibility in the private sector to release many of the most pressing demands. Real take home pay, for instance, rose steadily throughout the period (see Table B.1, Appendix B). Many private sector groups negotiated substantial productivity payments in addition to the ten per cent limit and the Department of Employment did not investigate the authenticity of these payments with any particular vigour. Indeed, in a few cases such as at Ford Motors and the West Midlands Road Haulage Association, the employer did not even seek to dissimulate

that the pay increase breached the limits (on the latter case, see Corfield, 1982: 66). However, the public sector claims proved much more contentious. Many public sector groups simply acquiesced as in the case of the local authority and hospital ancillary workers. This meant that any industrial pressures were accentuated and the grievances continued to build up for the next wage round. Some of the nationalized industry bargaining groups such as electricity supply had experienced so many internal pressures that the Government simply turned a blind eye to any breaches. The major confrontation was, in fact, that of the Fire Brigades Union.

The Fire Brigades Union's challenge to the Phase Three ten per cent wage limit in November, December and January of 1977 and 1978 illustrated both the reluctance of senior TUC leaders to be associated with any direct confrontation over the application of the ten per cent ceiling and the difficulties for the TUC in achieving any wider leadership consensus on this issue. It was argued above that the FBU had become committed to industrial action in order to rectify perceived anomalies in the relative wages of firefighters. Faced with both employer and Government intransigence on the observance of the ten per cent limit, the FBU leadership appealed for the assistance of the TUC in mounting a public campaign against the Phase Three limits. The TUC's internal cabinet, the Finance and General Purposes Committee, rejected this request. It suggested that the FBU was unlikely to sway the Government from its commitment to the ten per cent limit and should, therefore seek a negotiated settlement (TUC F&GPCM, 2 December 1977; MS and The Times, 3 December, 1977). FBU leaders were incensed at what they saw as a

contradiction between TUC policy and practice on incomes policy and they appealed this decision at a meeting of the entire General Council. Once again, their request was rejected though by the narrow margin of twenty to seventeen (TUC GCM, 21 December 1977; Guardian, 22 December 1977).

The obvious divisions on the General Council over the TUC's implicit acquiescence in Phase Three were more generally indicative of the lack of consensus on this issue. Key TUC leaders clearly envisaged a relatively smooth transition over Phase Three to free collective bargaining as both a vindication of their previous representations to the Government and also an important bargaining chip in continued good relations with the Government. Ironically, it appeared that many in Government circles interpreted the high degree of trade union acquiescence in Phase Three as an indication of the possibility of pursuing a further round of relatively tight wage restraint without full TUC cooperation. Their reading of Phase Three suggested that trade union members would comply with a further policy, even if TUC leaders remained opposed to a percentage limit on earnings (Interview, 15 October 1980; also Williams, 1981; Barnett, 1982; Rodgers, 1984). TUC leaders emphasized their opposition to any form of Phase Four pay limit (TUC ECM 12 April and 12 July 1978). However, in July 1978 a White Paper announced the Government's intention to enforce a five per cent pay limit over the coming pay round (Phase Four, 1978; on the TUC opposition, see TUC GCM, 26 July 1978 and TUC GSC, 28 July 1978).

Collapse of Phase Four

The Government's ability to impose unilaterally a Phase Four

wage policy proved to be much more limited than had been imagined. Policy-makers misread the degree of internal momentum building against wage restraint, particularly among public sector bargaining groups. The Government also overestimated its capacity to utilize contract sanctions on employers dealing with the Government to enforce the limits and, at the same time, maintain the support of Parliament for this approach (see Note 4 above). Perhaps the policy had been designed only for electoral consumption? The Prime Minister's decision to delay the election and attempt to enforce the five per cent figure proved a serious miscalculation of bargaining sentiment and provoked an almost immediate industrial response. Perhaps not unreasonably, the Treasury had estimated that a five per cent limit would turn out to hold increases in earnings to roughly eight per cent in the same way that the ten per cent limit had held earnings increases to between thirteen and fourteen per cent. It was argued that the problem with Phase Three was not so much the upward drift as that the norm was initially set too high (Sunday Times, 1 October 1978). However, mathematical projections did not take account of either the psychological impact or the highly differentiated resolution of differentials and relativities problems within individual unions. The resolution of some of these problems simply increased the pressures in other bargaining groups and sometimes sparked yet further competitive claims. The Government later considered adopting its original target of eight per cent rather than the five per cent limit. By then, however, the momentum against the five per cent policy was seemingly inexorable and even a small rise in the allowable limit was not sufficient to maintain union cohesion and authority (on the 'institutional tightrope')

between 'economic growth requirements', 'the social claims and values of wage policy' and the authority of union leaderships, see Corina, 1967: 310).

There were, in fact, two attempts to reconstruct the TUC's damaged relations with the Government and avert a series of politically damaging industrial confrontations: in the autumn of 1978 and in the winter of 1979. The first failed because internal policy pressures on General Council members sharply circumscribed their ability and inclination to participate in TUC policy initiatives on pay bargaining. These internal policy constraints compromised the delicate chain of consensus-building which has been argued characterized TUC policy-making. The second attempt to reconstruct the relationship did not encounter such internal constraints because it came in the aftermath of a series of private and public sector disputes in which the most significant internal industrial pressures had largely been spent. Thus, there was virtually no formal affiliate opposition to the signing of the Concordat in February 1979 (TUC, 1979a and b). By then, however, the damage to the relationship had been done and the credibility of the Social Contract had largely vanished.

The problems with the Government's approach to Phase Four were readily apparent to senior TUC leaders. The 1978 Congress rejected the Phase Four norm the day after the Prime Minister had reiterated his support for it (TUCR, 1978). The Government signalled that it would enforce the limit through contract and price sanctions (Guardian, 27 September 1978). The first major challenge to the policy came from the private sector when Ford management offered its

unions no more than the five per cent limit. This sparked an immediate walkout which the largest union involved, the TGWU, quickly made official (Guardian, 27 September 1978; The Times, 23 September 1978). Moreover, the pressures on public sector wage claims were building rapidly. However, much of the close understanding which had characterized the early period of the Social Contract had by then dissipated in a climate of mutual mistrust.

The composition of the TUC's 'NEDC six', hitherto the privileged vehicle of expression between senior Government ministers and the TUC, had altered substantially. The new leaders of the AUEW and TGWU, for instance, were only gradually easing their way into their new relationship with Government leaders (Interviews, 10 September and 23 October 1979 and 8 July and 12 August 1980). David Basnett, in particular, wished to avoid what he perceived as the imminent possibility of a disastrous breakdown in TUC-Government relations. Faced with the impasse between the TUC's opposition to Phase Four and the Government's determination to enforce it, he proposed that the TUC throw a 'lifeline' and try to develop a new economic understanding (Guardian, 4 October 1978; The Times, 5, 11 and 12 October 1978). On the basis of discussions at an informal meeting between the TUC's NEDC representatives and senior Government ministers, the TUC Economic Committee endorsed the decision to explore the common ground between the TUC and the Government while maintaining Congress policy on opposition to Phase Four (TUC ECM, 11 October 1978). There followed several weeks of intensive negotiations (TUC IM, 18 October 1978; GMWU IM, 10, 11, 19, 23 and 24 October; TUC ECM, 8 November 1978). The discussions centred on low pay, relativities and differentials problems, the impact of wage

increases on unit costs, the need for a regular mechanism to review prices and other economic developments, and the need to develop some kind of mechanism to investigate public sector wages on the basis of comparability principles. The Government was unwilling to abandon Phase Four, but it was willing to drop its contract sanctions in return for TUC advice to negotiators on the need for stability in unit labour costs. The TUC representatives considered that they had made some progress on price controls. The comparability mechanism also offered some potential for the resolution of the otherwise inevitable confrontations in the public sector (TUC ECM, 14 November 1978; GMWUJ, December 1978).

In what was an unusual episode by TUC standards, however, the tentative pact on 'Collective Bargaining, Costs and Prices' was endorsed by the TUC Economic Committee but failed to secure the endorsement of the General Council. It fell on a tied vote: fourteen for and fourteen against with two abstentions and a number of absences (TUC ECM and GCM, 14 November 1978; FT and The Times, 15 November 1978). This unprecedented rebuff to the TUC leadership was symptomatic of the disparate analysis of key union leaders involved in the discussions as well as the very real pressures operating on them (Interviews, various dates). Already at the regular October meeting of the General Council, some members had argued that there was a need for a completely new approach to pay bargaining. In contrast, others maintained that any discussion on pay guidelines 'was directly contrary to Congress policy' (TUC GCM, 25 October 1978). These different views were reflected in the actual vote. Three of the TGWU representatives, for instance, voted against the

statement even though their General Secretary, who was absent, was one of the negotiators. The fourth TGWU representative present at the meeting, Harry Urwin, abstained after attempting to delay any decision until the support of the TGWU executive was assured. One of the Economic Committee members, Alan Fisher, actually voted against the statement after he had endorsed it on the Economic Committee. The strong industrial pressures in NUPE no doubt influenced this decision (NUPE IM, 20 November 1978). Indeed, Fisher's endorsement of the proposed TUC solution to the public sector dispute would later be repudiated by his own executive in an unusual assertion of lay control (Interviews, 15 August, 14 October and 14 November 1978). The opposition of the COHSE leader, Albert Spanswick, probably reflected similar pressures to those expressed within NUPE. The FBU General Secretary's opposition was undoubtedly an expression of the previous year's experience with the TUC and Phase Three. At least one General Council member, generally seen as a supporter of pay policy, reportedly voted against the document because he was unhappy with his exclusion from the Economic Committee in that year's General Council committee assignments (Interview, 23 October 1979; TUC GCM, 27 September 1978). This was an equally important indication of the increasing difficulties of constructing a consensus at leadership level. Thereafter, TUC staff made a conscious effort to bring as many General Council members as possible into discussions with the Government. On the other hand, as was argued above, union leaders such as Terry Duffy, David Basnett and Clive Jenkins, for a variety of internal political reasons, all enjoyed some degree of policy discretion on this issue at the time and supported the efforts to repair the TUC's relations with the Government.

Somewhat exasperated and dispirited, the TUC General Secretary, Len Murray, accurately predicted that this breakdown in communication between the Government and the TUC would lead to increased industrial troubles (Guardian, 16 November 1978). In fact, the Government and the TUC continued to discuss the outlines of a possible agreement. Particularly after the defeat of its contract sanctions policy in Parliament and the settlement of the Ford dispute, the Government indicated that it was willing to contemplate increases above the five per cent limit. The Government and the TUC agreed to meet monthly and continued to explore the various possibilities of a comparability exercise (Guardian, 14 and 18 December 1978; Observer, 17 December 1978; DT, 20 December 1978; FT, 21 December 1978; TUC ECM, 13 December 1978; TUC ECD, 10 January 1979; TUC GCM, 20 December 1978; and GMWU IM, 22 December 1978). However, these talks did not assume an urgent character until January 1979 when industrial disputes in oil distribution, the hire and reward section of the road haulage industry, the water industry, the local authorities and the railway industry coincided with one of the most severe winter seasons on record. The public impression was of a Government and trade union movement out of control and the Government met repeatedly with the TUC to explore the alternatives to a declaration of a State of Emergency.

By this time, the TUC was engaged in an almost continuous series of meetings with senior ministers as, at various points, the Economic Committee, the Employment Policy and Organization Committee, the Finance and General Purposes Committee and the entire General Council were meeting members of the Government (TUC GCM, 24 January 1979; TUC

ECM, 9 and 31 January 1979; TUC F&GPCM, 18 and 22 January 1979; TUC Circular, 30 January 1979). This exercise was certainly more elaborate in terms of constructing a consensus at leadership level than what had happened in October and November 1978. One senior TUC official acknowledged that this format at least guaranteed a General Council majority this time around (Interview, 7 October 1980). However, the internal political and industrial constraints were by this time also much less onerous. The TUC was in essence surrendering no affiliate autonomy over wage bargaining. The Concordat was endorsed in the face of very little opposition, but any short- or medium-term prospect of an agreement between the TUC and a Labour government had been effectively removed from the political agenda (TUC GCM, 14 February 1978).

CONCLUSION

This chapter has examined the mobilization of opposition to wage restraint within the sample unions and considered the implications of these internal union developments for TUC policy-making. It has argued that, whereas union leaders were initially able to mobilize consent to the Phase One and Two policies, their scope for doing so in Phases Three and Four was increasingly limited as the industrial impact of the policies was translated into internal union policy-making. In particular, this chapter has focused on union structure as a key variable in the determination of individual union experience of incomes policies and the relative scope for policy discretion on the part of national union leaders. It has also pointed to the importance of particular features of internal policy-making such as membership composition, approaches to bargaining and various

mechanisms for the downwards transmission of policy messages. Moreover, it has also been suggested that, irrespective of individual union variables, there are pronounced regional patterns of opposition and consent on incomes policies. The impact of union structure on the trade union experience of incomes policies will be further considered in Chapter 9.

The implications of this incomes policy process within individual sample unions was profound. The scope for TUC-Government agreements was increasingly narrowed over this period as internal union pressures, first, limited the participation of their leaders in further episodes of TUC consensus-building on wage restraint and, later, precipitated the collapse of the pay policies and the Government itself. The next chapter concludes the analysis with a brief overview of the argument and some consideration of its implications for individual union and TUC policy-making and the limits and possibilities of future attempts by governments or the TUC to construct and implement such voluntary pay policies.

CHAPTER 9

CONCLUSIONS

This final chapter briefly reviews the argument and focuses on the implications of the findings for a number of areas of research. In particular, it considers the structure of individual union policy-making, trade union political strategies and the prospects for future voluntary incomes policy initiatives in Britain.

SUMMARY OF THE ARGUMENT

This study has focused on trade union participation in the Social Contract incomes policies in Britain in the 1970s. It was argued that an understanding of British trade union strategy and behaviour during this period must focus on the link between the internal and external dimensions of individual union organizations. More particularly, it has been suggested that, in the context of a voluntary incomes policy agreement between a central trade union organization such as the TUC and the state, it is necessary to look at the interaction between individual union policy-making and industrial practice, on the one hand, and TUC policy-making, on the other. The contention was that such an approach would inform both the nature of individual union policy-making, particularly the downwards mediation of policy initiatives from leadership level, and

the constraints placed on national trade union leaders in TUC policy-making through upwards policy mediations within individual union organizations. Moreover, it was suggested that these processes have been poorly understood and that this pointed to a significant gap in the literature on both trade union organizations and the incomes policy experience in Britain.

The early chapters looked at the origins and formulation of the Social Contract. They attempted to locate the place of British trade union political and industrial practice in this new programmatic alliance between the TUC and the Labour Party and highlighted the critical ambiguities of the project as regards incomes policy and its place in a broader economic and political strategy. Chapter 4 reviewed the post-war patterns of opposition and support on incomes policies within and between the sample unions in this study and explored their variations in relation to certain key variables: their composition of membership and industrial location, their bargaining policies and their internal and external political practice. Chapter 5 focused on the evolution of TUC-Government relations during the 1974 Labour Government's first eighteen months in office. In particular, it examined the process of 'consensus-building' in the construction of a TUC bargaining policy response to the Government's requests for wage moderation, explored the range of factors affecting the participation of individual union leaders in this process, and considered the organizational and industrial implications of the TUC's policy. Chapter 6 detailed the negotiations between the TUC and the Government on Phases One and Two of the Social Contract incomes policies, looked at the industrial

impact of these policies, and explored the rationale of TUC cooperation in this period of stringent wage restraint. Chapter 7 focused on the mobilization of consent within individual unions for a policy of wage restraint. In particular, it identified the key levels within individual unions at which consent for the policies was secured, explored the processes and organizational variables affecting this mobilization of consent, and looked at how a policy of consent or opposition to incomes policy was translated into industrial practice. Finally, Chapter 8 demonstrated how the industrial impact of wage restraint was articulated through different organizational structures into individual union policy-making processes. This upwards mediation of policy messages limited both the capacity and inclination of individual union leaders to participate in the negotiation of further TUC-Government agreements on wage guidelines and led over two further phases of the Social Contract incomes policies, first, to the withdrawal of TUC cooperation and, ultimately, to the collapse of the policies.

THE STRUCTURE OF UNION POLICY-MAKING

One of the major criterion for the selection of the sample unions was the structure of their policy-making. It was suggested that consent to incomes policies necessarily linked union bargaining policy and industrial practice with other forms of union policy-making. In this sense, the trade union experience of incomes policy provided a unique opportunity to scrutinize the articulation between industrial and political practice within trade unions. Moreover, it was hypothesized that union structure might play an important role in determining the nature of these types of articulations and the

consequent experience of incomes policies. Thus, both single- and dual-channel policy structures were investigated.

It appears that there were some important variations between the experience of single- and dual-channel unions during the Social Contract incomes policies. First, in the single-channel unions, industrial pressures were transferred more directly into debates on other policy items such as political agreements on different phases of incomes policy because these issues were considered in the same policy forums and, sometimes, within the context of the same debate. Secondly, the dual-channel union leaderships experienced comparatively less difficulty in mobilizing policy messages and initiatives downwards because they did not have to contend with such direct industrial pressures in their policy-making bodies.

These general observations, however, are subject to important qualifications. It must be emphasized, for instance, that the sample size was limited. There also appeared to be a complex range of other important factors affecting the incomes policy experience of particular unions which clouds hardfast distinctions on incomes policy experience on the basis of union structure. The composition of union membership played an important role in determining incomes policy experience, particularly in relation to the design of the policy. The AUEW and NUPE, for instance, were both single-channel unions, but the AUEW's skilled membership was much more conscious of the impact of Phases One and Two on differentials than was NUPE's lower-paid membership (though NUPE also experienced a range of differentials problems in the latter stages of the Social Contract pay policies). The structure of bargaining also exerted an important

effect. Indeed, it might be argued that union policy-making structure was largely a product of bargaining structure (for a comparable approach, see Clegg, 1976b). Two of the single-channel unions, NUPE and the FBU, engaged in highly centralized bargaining. Many industrial pressures were, therefore, directed at national level and at national union bargaining policy. The other single-channel union, the AUEW, negotiated a master framework agreement, the National Engineering Agreement, but this determined only a small proportion of wage increases. Most bargaining was done at local level. Indeed, negotiations on a new national agreement were suspended during Phases One and Two. The structure of AUEW bargaining and the spread of its fairly heterogeneous membership meant that its industrial experience was much like the other large dual-channel unions. Previous bargaining policy and traditional approaches to pay policy also played an important role, regardless of union policy structure. ASTMS, for instance, had been consistently opposed to the concept of incomes policies, whereas ^{the} other dual-channel unions had consistently supported such an approach. Particular leadership dispositions also played a significant role in particular union approaches. This was, it has been argued, subject to the particular constraints on leadership discretion, but the ideological disposition of a union leader as well as his or her place within external policy-making bodies also affected a union's approach to or experience of incomes policy.

There were also important differences between dual-channel unions in the articulations between industrial or bargaining policy-making and other policy-making. In the GMWU, for instance, the link was very indirect. This meant that it experienced less direct

industrial pressure than did a union like the TGWU where there were strong links at a number of different levels. In the case of the TGWU, these links did not initially contribute to much opposition to union consent for a pay policy, possibly because the policy had yet to be experienced industrially. However, the strong articulation between the two different channels of union policy-making meant that the industrial impact of the Social Contract pay policies was translated fairly directly into non-bargaining policy forums. This facilitated the organization of opposition to the policies. Thus, despite the existence of a variety of other mechanisms to effect the downwards mediation of policy, the organization and expression of industrial pressures in the union's policy-making body contributed to an unprecedented defeat of a leadership recommendation and, thus, critically altered the direction of external policy-making.

There were also important differences between all of the unions, single- or dual-channel, which facilitated or discouraged the mobilization of both opposition to and consent for wage restraint. The factional system in the AUEW, for instance, largely determined the scope for leadership discretion. The different links between executive representatives and different regional and industrial structures of administration and representation also played an important role in determining relative leadership discretion. The link in the FBU and GMWU, for instance, was very direct though often with different results in terms of leadership discretion whereas the link in ASTMS and the TGWU was fairly indirect. In the AUEW and NUPE, the link appeared to be almost entirely independent of regional structures. A weaker link tended to mean that the executive

possessed greater policy latitude vis-a-vis regional structures. However, in both the GMWU and the FBU, the strong link between regions and executive also tended to ensure support for the platform in union policy-making. This was especially the case in the GMWU where the dominant regional representative was the regional secretary who sat on the executive, led the regional executive and also led the regional delegation to conference which frequently followed a system of regional mandating.

Finally, the political and industrial strategies of the sample unions also demonstrated substantial variations. These were undoubtedly a reflection of prevailing organizational culture as well as its multiple determinants: membership composition, bargaining structure, particular trajectories of growth and decline, and patterns of internal and external political practice. These union strategies, often more implicit than explicit, and their manifestations in terms of approaches to incomes policy could not be predicted on the basis of a particular type of structure. The diversity of union approaches to incomes policy attests to the nature of union policy-making as a highly autonomous and particularistic process. It is possible to make certain generalizations about the impact of particular union structures on their experience of incomes policies, but there are a multitude of other variables. This again highlights the importance of internal union structure and the related processes of control for an understanding of the internal dynamics of incomes policies and, in turn, their external dynamics.

TRADE UNION POLITICAL STRATEGIES

It must be emphasized that the success of the opposition to wage

restraint in the sample unions did not imply any new commitment to a radical political or economic strategy. Rather, the success of the incomes policy opponents was built quite pragmatically on the expression of grievances about the detailed industrial impact of the policies as well as an increasing disillusionment about the seeming lack of return in terms of overall economic performance. It was argued in Chapters 3 and 6 that the trade union leadership espousal of the Social Contract arose from a relatively pragmatic attachment to the values of the Labour Party and the political returns accruing from a Labour Government whatever its particular orientation. The Social Contract was a means of guaranteeing certain types of returns, but the trade union leadership attachment did not appear to be grounded in either of the social democratic or socialist conceptions of the Social Contract. This was the essential ambiguity of the Social Contract as a union bargaining strategy and why it was possible to support successive incomes policy phases despite considerable reservations about the merits of government intervention in collective bargaining. Key trade union leaders were persuaded of the necessity of such a change in tact and they were able to generalize that conviction first at leadership level and then within individual affiliates. However, they were unable to prevent the disaffection of activists - those who maintain the levers of union bargaining practice and policy-making - as industrial grievances were articulated in opposition to the impact of the policies.

The success of the internal opposition to the Social Contract incomes policies did not represent any large-scale movement from social democratic to oppositional political rationalities. The

'political' opponents of the Social Contract incomes policies generally espoused some variation of the socialist vision of a Social Contract; though they had by this time become disillusioned with the radical potential of such a project and espoused instead the articulation of an 'alternative economic strategy'. However, their success in limiting the possibility of leadership commitment to any further rounds of pay restraint depended on a complex organizational alliance with those disillusioned with the detailed industrial impact of the policies. In this sense, the opposition was fundamentally instrumental in character. The industrial opponents of the policies rejected their continuation without necessarily formulating any detailed or systematic alternative. They simply wanted more flexibility to bargain and rectify anomalies that had created havoc in their pay structures. The mobilization of opposition was rarely linked to any transformative project. What might be labelled a 'social democratic economism' remained the predominant ethos in the bargaining strategies and political practice of British trade unionism. As Moss Evans, the TGWU General Secretary, phrased it in a report to the TGWU executive in the autumn of 1978: 'Our approach is: carry on bargaining and backing Labour' (TGWU GSQR, 18 September 1978).

The period since the demise of the Social Contract has posed a number of challenges to such a formulation. Certainly, this traditional ethos on bargaining and political practice has remained predominant, but the TUC leadership has experienced increasing difficulties in containing the ideological divergence of its affiliates. Some union leaderships have opted for increasingly radical oppositional strategies challenging, rather unsuccessfully in

depressed economic circumstances, the power of the state on the political and industrial fronts. Other affiliates have eschewed all but the veneer of a social democratic political strategy and concentrated on a more cooperative form of instrumentalism - the kind of practice associated with moderate 'business unionism' (on 'business unionism', see Banks, 1974). These kinds of conflicts have erupted periodically and the TUC has appeared increasingly limited in its capacity to contain the ideological and industrial divergences between its autonomous affiliates (Murray, 1985).

TRADES UNIONS AND THE INCOMES POLICY CYCLE

The experience of the Social Contract incomes policies was different from that of its predecessors in at least one respect. No period of reconstruction, usually under the auspices of another government, has yet followed. The defeat of the Callaghan Government in 1979 was clearly associated with the failure of the Phase Four policy and the breakdown of Government relations with the unions more generally. This electoral defeat conformed to the predominant political pattern which in Britain has elevated the question of incomes policies among the highest political priorities. However, the Thatcher Government has since largely eschewed political mediations with representative organizations of employees and employers to affect labour market outcomes. Instead, it has pursued a more restrictive legal framework, implemented deflationary demand policies and been prepared to weather most political costs associated with relatively high levels of unemployment (see Urwin and Murray, 1982 and 1983). This has had a profound impact on the industrial and

political practice of many British trade unions affecting, in turn, TUC policy-making, especially in terms of the definition of an appropriate political strategy (see Murray, 1985).

The important developments of this period lie outside the bounds of this study, though all of the research was conducted during the first term of the Thatcher Government, from 1979 to 1983. However, the emphasis on the operation of market forces to the exclusion of political mediations and the high cost on human resources of this economic strategy has meant that incomes policies have not yet disappeared from the political agenda as an instrument of economic policy. Indeed, they have featured prominently in many of the main alternative policies in which a reduction in the level of unemployment and government economic stimulus are identified as the principal political priorities. In conformity with the classic post-war argumentation on this subject (see Chapter 1), it is held that if a government was to pursue positive demand policies in order to bring down the levels of unemployment, then some form of restraint on the level of wage increases would be necessary if the increased demand was to be translated into new jobs rather than wage inflation. This has been argued mutedly among the 'wets' in the Conservative Party. The SDP/Liberal Alliance has advocated a tax-based and/or statutory policy which would not rely on the cooperation of wage bargainers with whom it has no organic link (IDS Focus, 1982; Jackman and Layard, 1982). Despite the many negative associations with the collapse of the Social Contract incomes policies, the Labour Party leadership has still aspired to convince TUC leaders of the merits of another wide-ranging agreement on economic priorities. The resulting, often vague, formulations of national economic assessments

and fair wages and incomes distribution are strongly reminiscent of the initially ambiguous formulations of the Social Contract in 1973 and 1974 (LC, 1982 and 1985; FT, 7 and 8 August, 1985). As in 1972 and 1973, most trade union leaders appear to have placed the election of a Labour government as the central component of their political strategies.

The seemingly inevitable reflex towards incomes policies and voluntary accords between the state and British trade unions on wage bargaining once again raises the question of their organizational implications, especially for trade unions. Neither the structure nor attitudes of individual union and TUC policy-making appear to have altered substantially in the interim. Yet the appeal of incomes policies appears undiminished. Assuming that this is the case, then, notwithstanding any insights to be gleaned from this or other studies on the subject, the next incomes policy experience promises to be as problematic as all of its predecessors. Trade union leaders are, of course, accustomed to making concessions. The question, as put by one former union leader, is whether or not they make concessions which go beyond their membership's readiness to accept them (Interview, 16 December 1980)? This study suggests that these external dynamics of incomes policy construction and implementation will remain contingent on their internal organizational implications. The highly differentiated internal organizational arrangements of British trade unions will continue to render TUC policy-making on this question and the maintenance of any voluntary incomes policy accord extremely problematic.

APPENDIX A

TABLE A.1

CHRONOLOGY OF BRITISH INCOMES POLICIES DURING THE 1970s

1972 November	Stage I	Heath Government's
1973 April	Stage II	Statutory Policies
November	Stage III	- No TUC Agreement

1974 February	Election of a minority Labour Government (Re-elected in October 1974 with a majority)	
	Tacit TUC Agreement To Abide By Stage III	

1974 August	<u>SOCIAL CONTRACT MARK I</u>	
	- no real wage increases, money wage increases pegged to the cost-of-living	
	- TUC AGREEMENT	

1975 August	<u>PHASE ONE</u>	
	- six pound flat-rate increases (non- consolidated)	
	- 12-month rule	
	- TUC AGREEMENT	

1976 August

PHASE TWO

- 5% limit (2.50 pounds minimum & 4.00 pounds maximum)
 - 12-month rule
 - TUC AGREEMENT
-

1977 August

PHASE THREE

- 10% limit plus optional productivity allowance
 - TUC AGREEMENT LIMITED TO 12-MONTH RULE
-

1978 August

PHASE FOUR

- 5% limit
 - TUC OPPOSITION
 - November - Modifications to 5% policy; TUC STALEMATE (even split between support and opposition)
 - 1979 February - Concordat: general statement of principles, but no earnings limits.
TUC AGREEMENT
-

May

Election of a Majority Conservative Government

APPENDIX B

ECONOMIC INDICATORS: THE MATERIAL BASES OF CONSENT FOR AND OPPOSITION TO THE SOCIAL CONTRACT INCOMES POLICIES

Figures B.1 and B.2 show the pattern of change in prices, earnings, level of unemployment and real weekly take-home pay from 1974 to 1979. They provide a clear indication of the material bases of consent for and opposition to the Social Contract incomes policies.

Figure B.1 charts the rate of change in the earnings-price relationship from the Heath Government's Stage Three to the Labour Government's Phase Four as well as the rate of male unemployment during the same period. As the official rate of female unemployment tends to understate the extent of women's unemployment, women often not registering as unemployed and thus becoming 'invisible' members of the official labour force, their rate has been excluded. It should be emphasized that the prices and earnings trend lines express percentage change relative to the previous year, whereas the unemployment trend line is an absolute percentage.

In terms of the negotiation and renegotiation of voluntary incomes policies by the TUC and the Government, Figure B.1 clearly illustrates the vicissitudes of the price-earnings relationship. As the TUC and the Labour Government attempted to lay the basis of a policy of voluntary wage moderation during the final months of Stage Three, the rate of change in both prices and earnings accelerated rapidly (see chapter 5). This acceleration continued through much of the Social Contract Mark One with the rate of change in earnings outstripping the rate of change in prices though the latter part of 1974, but falling relative to the rate of prices increases in the final months of Mark One. Figure B.2 shows that this fall was clearly reflected in real take-home pay. Real weekly take-home pay rose rapidly through the first months of Mark One and declined even more rapidly during the latter months. Moreover, the level of unemployment increased throughout Mark One. It is possible that these changes dramatized the depth of Britain's economic problems and favourably predisposed union members to a dramatic change in policy.

The relative success of Phase One was measured by the precipitous decline in the rate of change in both prices and

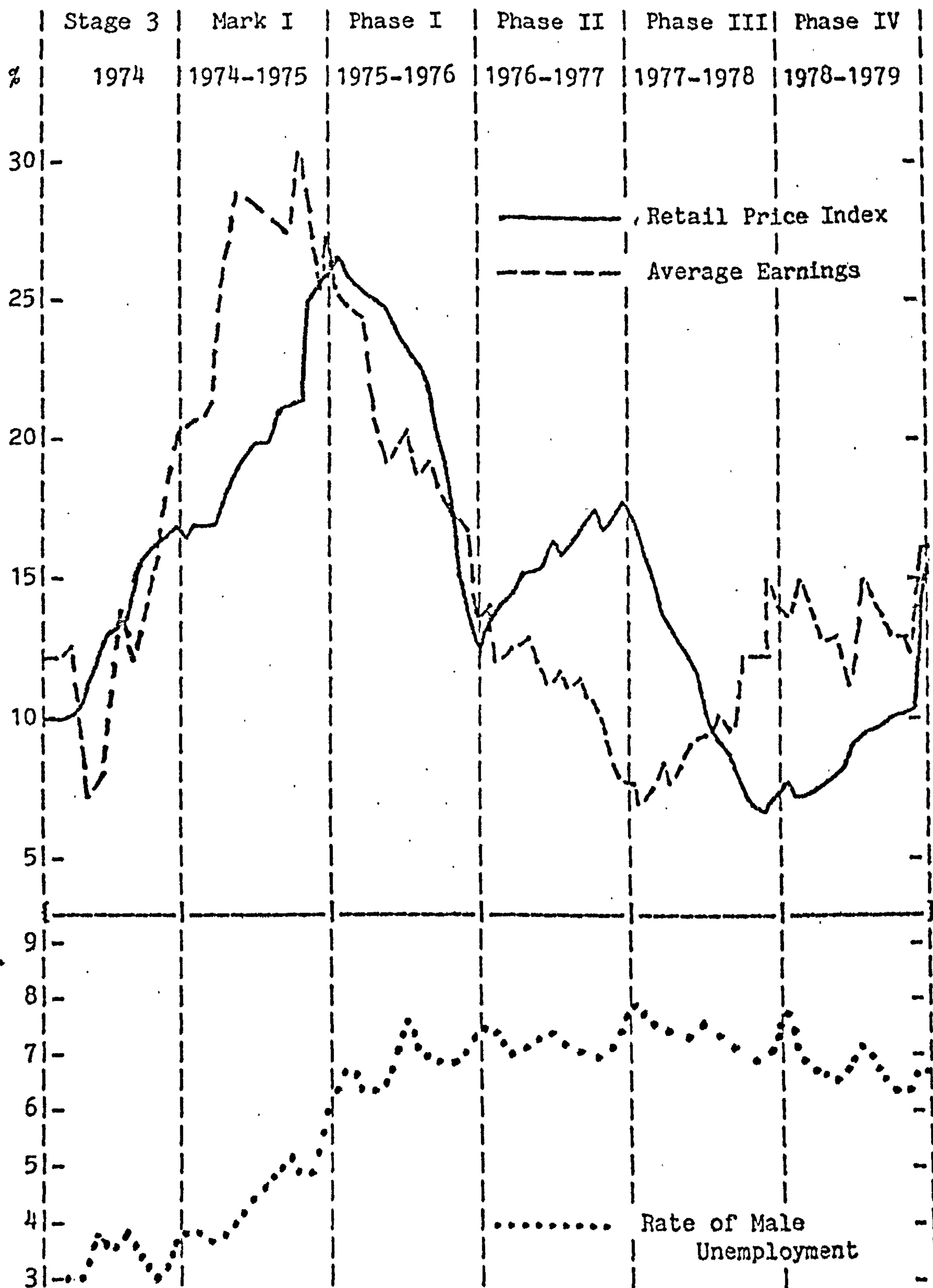


FIGURE B.1: PERCENTAGE CHANGE IN PRICES AND EARNINGS AND RATE OF MALE UNEMPLOYMENT IN THE UNITED KINGDOM 1974-1979

Source: DE Gazette (1974-1979)

Note: Average earnings and Retail Price Index = percentage change on a year ago. Percentage male unemployment rate.

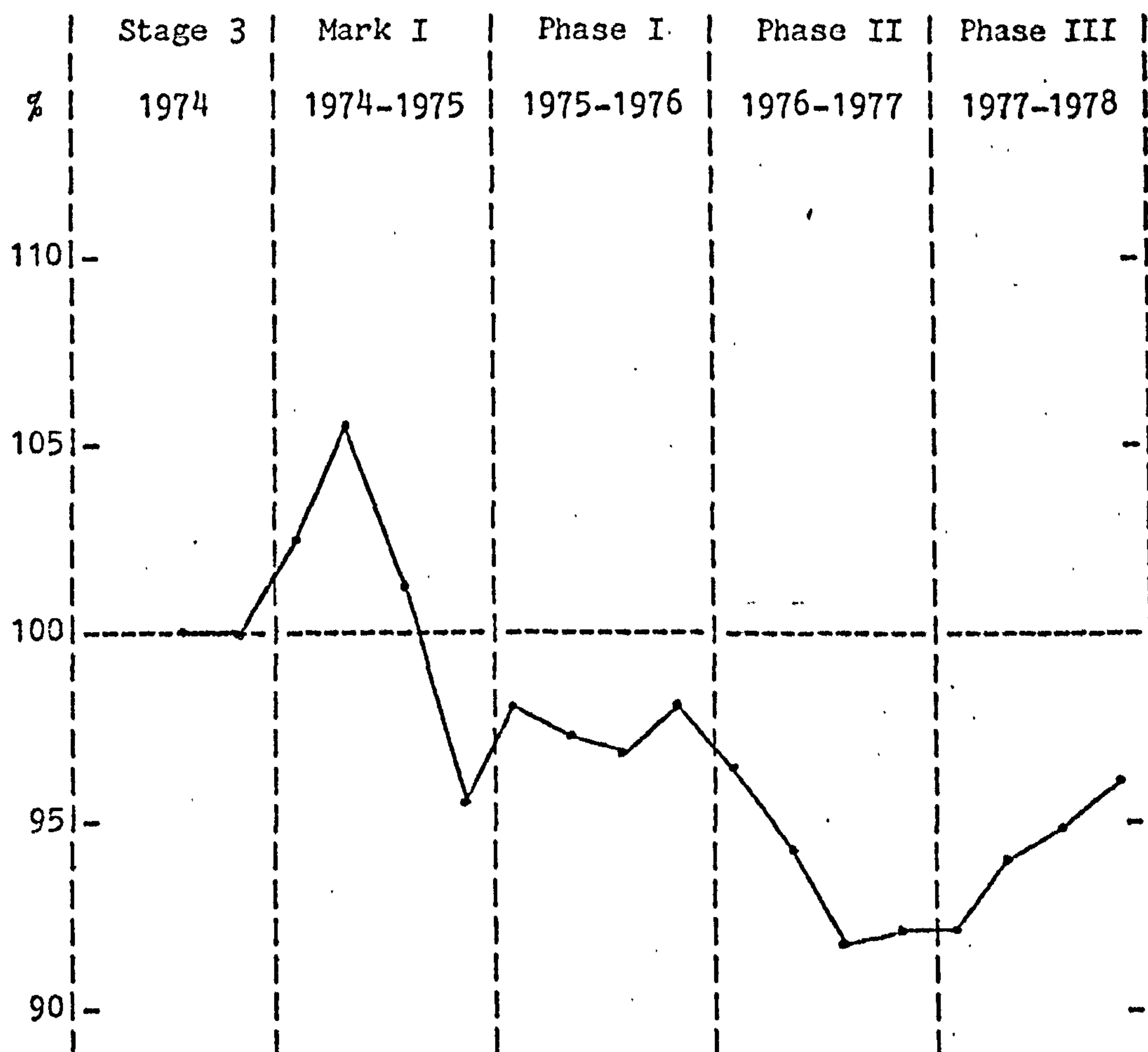


FIGURE B.2: REAL WEEKLY TAKE-HOME PAY (POST-TAX EFFECT) 1974-1978
 Married Man on Average Adult Male Earnings With Two
 Children Under Eleven Years of Age

Source: Calculated from information provided in a parliamentary written answer by a Treasury minister (960 H.C. Deb., 15 December 1978, 519-520).

Note: Average net weekly earnings on a quarterly basis expressed as a ratio of the Retail Price Index where March 1974=100. Note that downward movements in the graph indicate that the retail price index is increasing more rapidly than net earnings, and vice versa.

earnings, as is clear in Figure B.1. Moreover, as indicated in Figure B.2, real weekly take-home pay tended to stabilize during the period, albeit at a lower level than when the Labour Government took office. Even though the continuing rise in the rate of unemployment was a significant irritant in TUC-Government relations, the relative success of Phase One facilitated the negotiation and implementation of Phase Two (see Chapter 6).

Trade union consent for Phase Two was based on the assumption that the price and earnings trend lines could continue to decline as they had during Phase One (see chapter 6). However, Figure B.1 indicates that this was not the case. While the rate of change in earnings continued to decline as anticipated, the rate of price increases accelerated markedly as a result of the decline in the value of sterling. Figure B.2 shows that real weekly take-home pay declined markedly. Moreover, as can be seen in Figure B.1, the rate of unemployment stabilized at the high levels attained during Phase One. Quite apart from the multitude of specific anomalies in differentials and relativities arising from Phase One and Two, this combination of economic circumstances clearly eroded the material bases of consent for any future policies involving wage restraint (see Chapter 8). This change in the level of Consent is evident in the opinion poll data presented in Appendix C.

Indeed, as is indicated in Figure B.1, the earnings and price trend lines were reversed during Phase Three. While the rate of change in price increases experienced a secular decline, earnings rose consistently. Figure B.2 shows that real weekly take-home pay recovered much of the loss experienced in Phase Two. The rate of unemployment continued at roughly the same level. If the economic trend lines were considered in isolation, which was no doubt what the Treasury mandarins did in their attempt to pursue a five per cent limit in Phase Four, it seemed that a material basis might have existed for a possible TUC-Government agreement on Phase Four. However, as was indicated in Chapter 8, the internal processes of opposition were by this time, already too far advanced for the TUC to reverse its policy. Even the TUC's November 1978 attempt to rekindle some form of agreement on Phase Four with the Government ended in stalemate at General Council level. The forces leading to the 'Winter of Discontent' disputes were seemingly irrevocable. The signing of the Concordat in February 1979 represented an attempt to repair the rift between the TUC and the Government in a pre-electoral period. By this time, the pay policy had collapsed and both earnings and prices were in a re-entry phase from the period of restraint. Ironically, unemployment had, by then, begun to decline, albeit slightly.

Real take-home pay also continued to recover through the collapse of Phase Four. The data provided by the Treasury which was used to calculate Figure B.2 was only available to the latter part of Phase Three. However, a separate index constructed by Labour Research, from 1975 onwards, Table B.1, extends beyond Phase Three. It follows a broadly similar pattern to that indicated in Figure B.2, although at a slightly higher level. Table B.1 charts a particularly strong resurgence in real take-home pay in the latter part of Phase

Four just prior to the election.

TABLE B.1 REAL TAKE-HOME PAY 1975-1979

	MARK I 1975	PHASE I 1975-76	PHASE II 1976-77	PHASE III 1977-78	PHASE IV 1978-79
August	-	100	100	95	102
November	-	99	97	97	105
February	103	98	94	97	105
May	98	100	96	102	110

Source: Labour Research (1975-1980)

Note: Average male earnings after tax at constant prices.
January 1974 = 100

Finally, in terms of general economic performance, Table B.2 charts the annual rate of growth or decline in Gross Domestic Product (GDP) and the change in the relative levels of company profits and company investment. In particular, it indicates, first, the phenomenal rate of economic growth during the 'Barber boom' in 1972-1973 (see Chapter 3); then, the depth of the recession in 1974-1975, particularly in terms of consecutive declines in GDP and in the level of company profitability; and, finally, the gradual recovery in economic indicators through Phases Two and Three in 1976, 1977 and 1978.

TABLE B.2 CHANGES IN GROSS DOMESTIC PRODUCT, PROFITS AND INVESTMENT
1970-1980

YEAR	GDP GROWTH (Annual % Change)	COMPANY PROFITS (% of total domestic income)	COMPANY Investment (% of GDP)
1970	+ 2.1	11.0	10.4
1971	+ 2.6	11.7	10.1
1972	+ 1.5	11.8	10.2
1973	+ 8.2	11.0	10.6
1974	- 1.4	7.1	10.6
1975	- 0.9	6.6	9.9
1976	+ 3.7	7.8	9.9
1977	+ 1.3	10.8	10.8
1978	+ 2.7	11.5	11.7
1979	+ 1.1	10.2	12.2
1980	- 1.6	9.2	12.5

Source: CSO (1981).

APPENDIX C

PUBLIC OPINION AND INCOMES POLICY 1975-1979

Figures C.1 and C.2 provide some measure of the changing pattern of public support for the Social Contract incomes policies. Between July 1975 and February 1979, Social Survey (Gallup Poll) Ltd. conducted thirty-one public opinion polls in which it asked the question: 'Do you think the Government's prices and incomes policy is: a good thing, a bad thing, qualified, or do not know'. These polls also included demographic data on the respondents. In particular, it was possible to ascertain the response to this question by trade unionist and non-trade unionist. This provides particularly interesting insights into the patterns of consent and opposition to the Social Contract incomes policies. This data was kindly supplied to the author by Social Survey (Gallup Poll) Ltd. Figure C.1 shows the changing pattern of respondents who believe that the Social Contract prices and incomes policy was a good thing. Figure C.2 shows the pattern of those who believe that it was a bad thing. In each case, the pattern for trade unionists and non-trade unionists is separately indicated. The sample size for the poll was always more than five hundred with at least two hundred in each of the trade unionist and non-trade unionist category. It should, therefore, provide a fairly reliable indication of changes in public opinion over the course of the four phases of the Social Contract incomes policies.

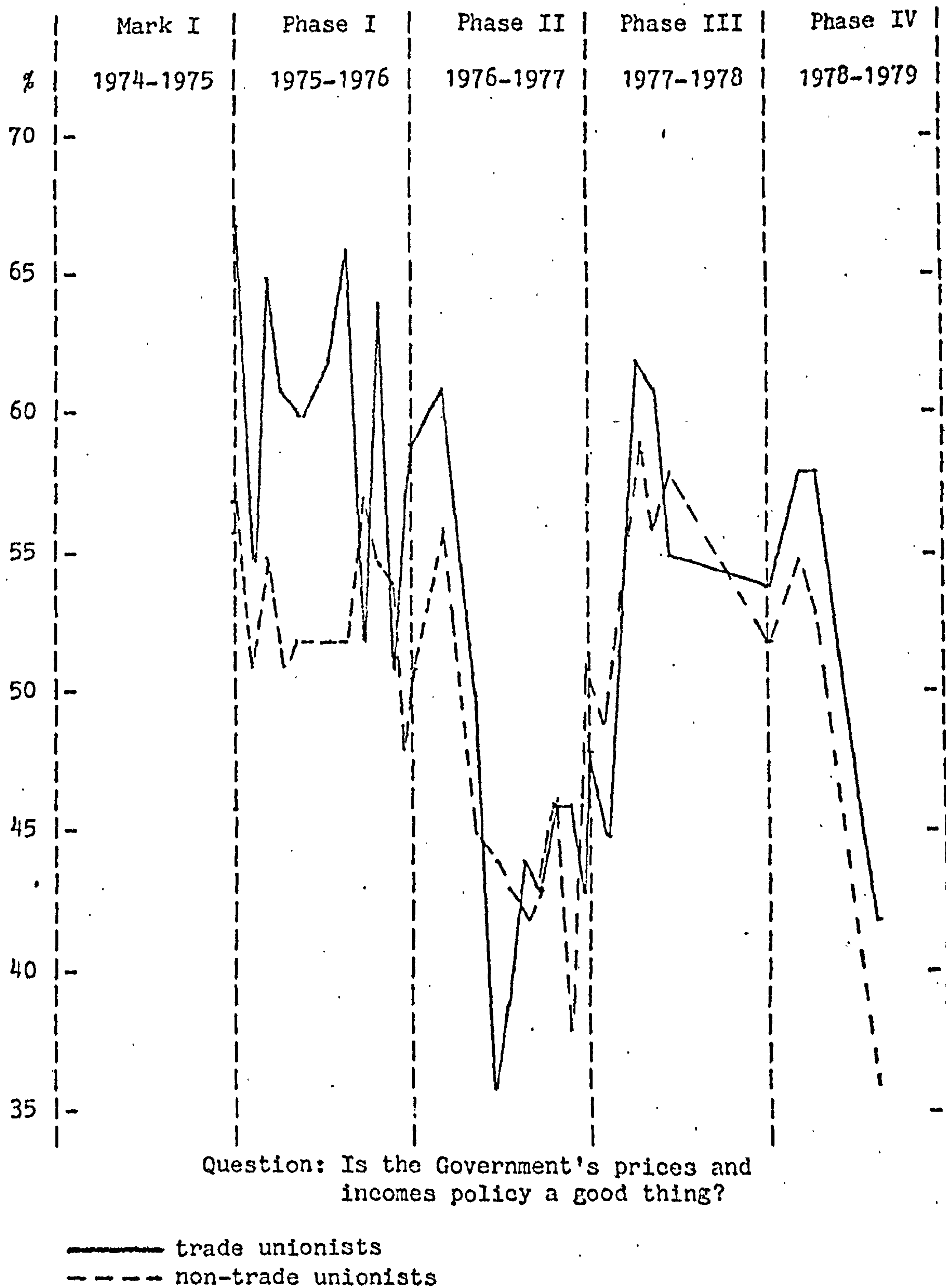
The response of trade unionists and non-trade unionists follows a very similar pattern in Figures C.1 and C.2. Thus, support for the policy was relatively high through Phase One, dipped dramatically shortly after the beginning of Phase Two, recovered to a relatively high level early in Phase Three, and, finally, plummeted once again through Phase Four with the collapse of the policy. The pattern of opposition followed an inverse pattern with opposition rising very rapidly, especially among trade unionists, during Phase Two and, then, declining through Phase Three before mounting again with the collapse of the policy in Phase Four. There appears to be a close association in the movement of public opinion through Phases One to Three with the movement of prices, earnings and real earnings as depicted in Figures B.1 and B.2. As real earnings dipped markedly in Phase Two, so too did the level of public support. The turning point in public opinion would appear to be associated with the rapid rise in the rate of price inflation during Phase Two when the level of

increases in earnings continued to decline (see Figure B.1; also, Chapter 8).

It is especially noticeable that trade union support for the policies is generally at a higher level than for non-trade unionists, but this is not the case during much of Phase Two. As was discussed in Chapter 8, this was exactly the time when trade union policy-making bodies were meeting to consider their policy orientation to any prospective Phase Three. With the exception of the final poll in February 1979 when the Government's policy had already collapsed, support for the Government's policy was at its lowest level, particularly among trade unionists, mid-way through Phase Two. Conversely, opposition to the policy among trade unionists was strongest at this time. Moreover, thereafter, while a higher percentage of trade unionists than non-trade unionists continued to support the policies, a higher percentage of trade unionists than non-trade unionists also opposed the policies. This again highlights the important shift in trade union opinion during Phase Two.

It must be emphasized that general questions about the desirability of an incomes policy rarely provide a satisfactory indication of actual industrial compliance with specific policies. Polling on this question frequently seems to tap a split consciousness whereby a majority of respondents will favour an incomes policy in general though not for their specific bargaining unit. Figures C.1 and C.2, however, at least provide an assessment of relative levels of support and opposition for a given phase of incomes policy at a particular time and how these levels of support and opposition changed over time.

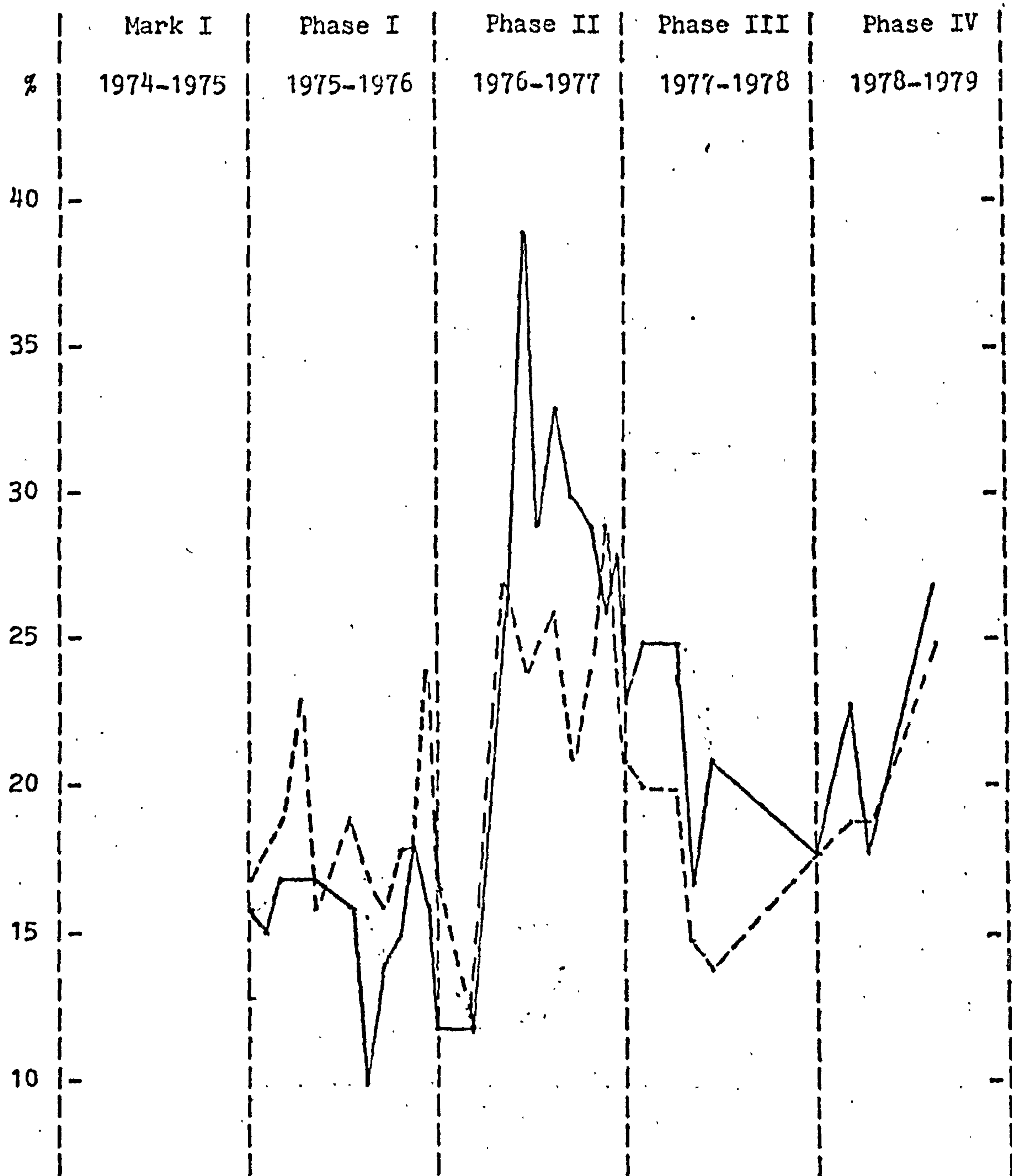
FIGURE C.1: PATTERNS OF CONSENT FOR INCOMES POLICY 1975-1979



Source: Unpublished data supplied by Gallup Poll (1975-1979).

Note: Per cent of respondents who 'think that the Government's prices and incomes policy is a "good thing" as opposed to a 'bad thing' or 'do not know'.

FIGURE C.2: PATTERNS OF OPPOSITION TO INCOMES POLICY 1975-1979



Question: Is the Government's prices and incomes policy a bad thing?

———— trade unionists
 - - - - non-trade unionists

Source: Unpublished data supplied by Gallup Poll (1975-1979).

Note: Per cent of respondents who 'think that the Government's prices and incomes policy is a "bad thing" as opposed to a 'good thing' or 'do not know'.

APPENDIX D

THE INDUSTRIAL IMPACT OF THE SOCIAL CONTRACT INCOMES POLICIES ON THE SAMPLE UNIONS

Figures D.1 to D.6 provide some measure of the industrial impact of the Social Contract incomes policies on the sample unions. Each of the six figures charts the movement of real average weekly earnings for selected occupational and industrial categories covered by the sample unions between 1974 and 1979. They attempt to provide some indication of the material bases of consent for and opposition to the Social Contract incomes policies within the sample unions. Of course, the movement of real earnings is only one aspect of the industrial impact of the Social Contract incomes policies. As was argued in Chapter 6, the most salient form of wage comparison is often either in terms of differentials or relativities within the same place of work or the same local labour market. In other words, the differential movement of real earnings between comparator groups was as great a source of dissatisfaction as any absolute movement in real earnings. Figures D.1 to D.6 only hint at some of this differential movement. In many cases, however, the differential movement is hidden within the larger occupational or industrial aggregate. Even if Figures D.1 to D.6 do not fully document the industrial impact of the policies, as was argued in Appendix B (see Figures B.1 and B.2), the association between a marked decline in real average weekly earnings during Phase Two and the rising tide of opposition to the Social Contract incomes policies at this same time (see, i.e., Figures C.1 and C.2) was certainly more than coincidental. The interview evidence in this study corroborates such an hypothesis.

The data in each of the figures is drawn either from the annual New Earnings Survey taken each April or the Department of Employment's annual June 'Survey of the Earnings of Manual Workers by Occupation in the Engineering, Shipbuilding and Chemical Industries' (see NES; and DE Gazette, October of each year). The sample for each covers average gross weekly earnings not affected by absence. The earnings findings are expressed as a ratio of movement in the Retail Price Index based on either April or June 1974 = 100. An upwards movement in the graph, therefore, indicates that real earnings are increasing more rapidly than prices relative to the previous observation, and vice versa. The New Earnings Survey and the Department of Employment Survey both provide only one observation per

year. Given the variance of annual settlement dates, even for a single bargaining unit, the graphs risk over- or under-stating the movement of real wages in relation to the various pay policy phases. Thus, they can only be a very approximate barometer of the industrial impact of incomes policies. However, these surveys are still the standard source of earnings data in British industry.

The occupational categories have been selected to reflect the most significant membership groups in the sample unions. This is particularly difficult in the general unions - ASTMS, GMWU and TGWU - since they cover such a wide range of industries and occupations. This is also the case with the AUEW, though the skilled and semi-skilled occupational categories in the engineering industry approximate an important proportion of its membership. Since NUPE and the FBU are both industrial unions covering a limited number of readily identifiable bargaining groups, the movement of real earnings of their members can be very closely specified.

In terms of the general movement of real earnings by occupational category and industry, considerable caution must be exercised when making any comparisons because of the possible variation in settlement dates. In all the figures, however, the Social Contract Mark I period would appear to be associated with a general upward trend in real earnings for public sector bargaining groups and women. Women, in particular, benefited from the implementation of equal pay provisions then taking place and such increases continued to be allowed over and above the Phase One and Two limits. Those working in the engineering, chemical and motor vehicle industries, however, appeared to suffer the effects of the recession during this period (see Figures D.2, D.4 and D.6).

Phase One can be associated with a general levelling off of the movement in real earnings. Those groups that experienced a sharp decline during Mark I recovered some of the lost ground. The public sector bargaining groups did not maintain the level of the previous year's gains, particularly in the Fire Service (see Figure D.3).

Phase Two represented a uniform dramatic fall for all the occupational and industrial groupings covered. This was, of course, the period when the level of price increases rose sharply while wage increases were constrained to a five per cent limit. It was also the period when support for the policies eroded dramatically. Groups such as the firemen (Figure D.3) and skilled- and semi-skilled workers in the motor vehicle industry (Figures D.2 and D.6) experienced particularly sharp declines in their level of real earnings. As was suggested in Chapter 8, it was precisely these groups which led significant industrial revolts against the pay policies in the latter stages of Phase Two and in Phase Three.

Phases Three and Four represented, first, a general relaxation of the restraint policies and, then, their collapse. Earnings generally rose more quickly during Phase Three than did prices. Most of the occupational and industrial groups in Figures D.1 to D.6 showed some recovery of real earnings during this period; though the differentiated pattern of opposition, particularly between public and

private sectors, was the source of some of the feelings of injustice which led to the breakdown of Phase Four. Public sector bargaining groups were particularly concerned that the Phase Four limit would be tightly enforced in the public sector whereas it was not so tightly enforced in the private sector. The April 1979 observation does not fully reflect the results of the Phase Four negotiations for some of the main public sector bargaining groups as they were awaiting the recommendations of the Comparability Commission which had been set up to resolve the public sector disputes in January and February 1979.

Finally, in terms of the movement of real earnings, it should be emphasized how few bargaining groups in this study actually appeared better off at the end of five years of different wage moderation policies than they were at the start. Indeed, many appeared marginally worse off. This certainly reflected continuing poor British economic performance. It cannot, however, have bolstered the Labour Government's chances of re-election. In mobilizing consent for the Social Contract incomes policies, it had been argued that short-term sacrifice would be translated into longer-term gain. In terms of the movement of real wages as depicted in Figures D.1 to D.6, at least, the evidence of such a return remained slim just prior to the 1979 election.

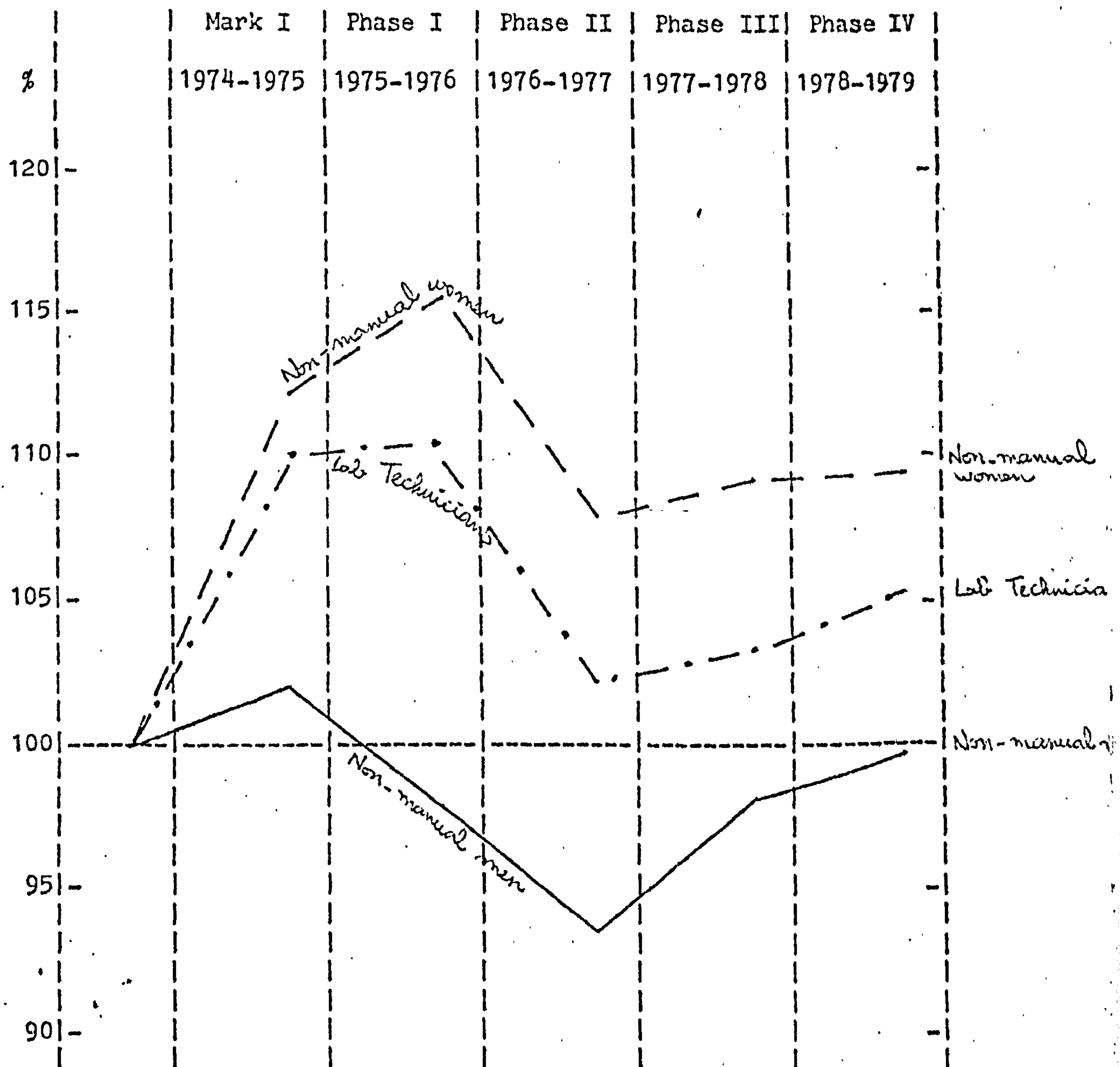


FIGURE D.1: THE INDUSTRIAL IMPACT OF THE SOCIAL CONTRACT INCOMES POLICIES ON ASTMS. Real Average Weekly Earnings for Selected Occupational Categories Covered by ASTMS

Sources: Calculated from NES (1974-1979) and British Labour Statistics Yearbook (1974-1979).

Notes: Average gross weekly earnings for April of each year expressed as a ratio of the Retail Price Index based on April 1974=100. Note that downward movements in the graph indicate that the Retail Price Index is increasing more rapidly than earnings, and vice versa.

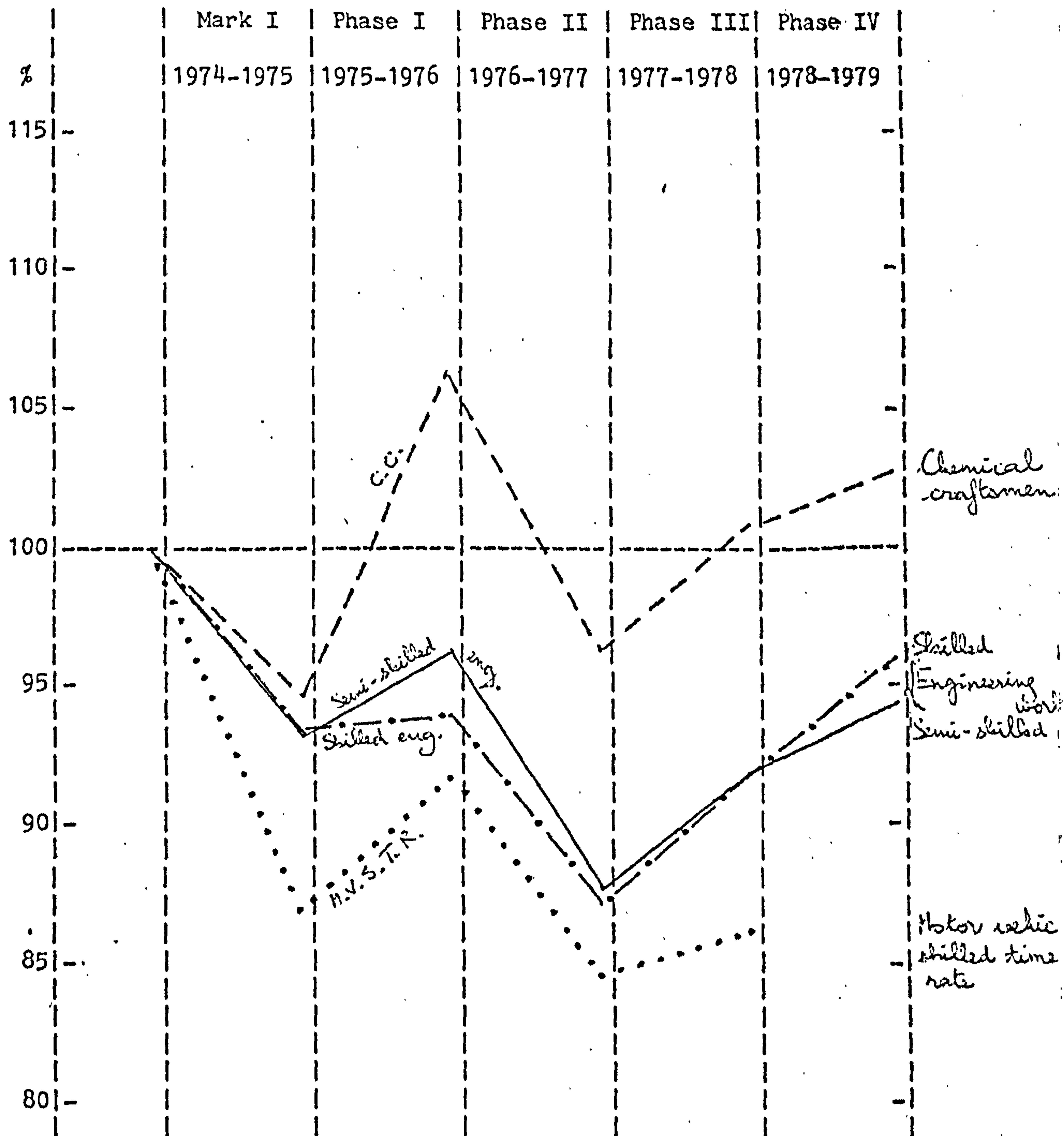


FIGURE D.2: THE INDUSTRIAL IMPACT OF THE SOCIAL CONTRACT INCOMES POLICIES ON THE AUEW(E). Real Average Weekly Earnings for Selected Occupational Categories Covered by the AUEW(E)

Sources: Calculated from NES (1974-1979), DE Gazette (October, 1974-1979), and British Labour Statistics Yearbook (1974-1979).

Notes: Average gross weekly earnings for either April or June of each year expressed as a ratio of the Retail Price Index based on either April or June 1974=100. Note that downward movements in the graph indicate that the Retail Price Index is increasing more rapidly than earnings, and vice versa.

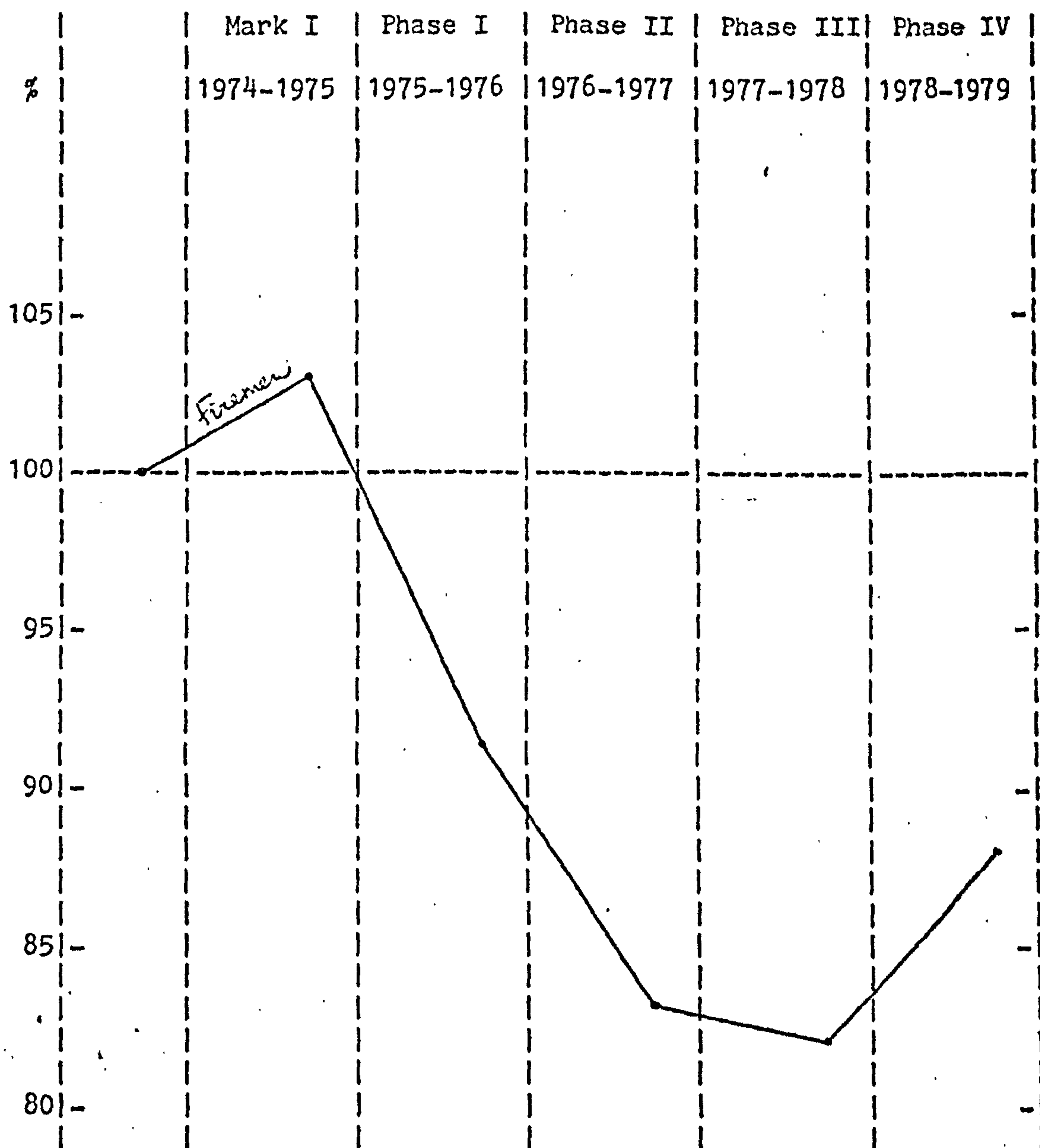


FIGURE D.3: THE INDUSTRIAL IMPACT OF THE SOCIAL CONTRACT INCOMES POLICIES ON THE FBU. Real Average Weekly Earnings in the Fire Service

Source: Calculated from NES (1975-1980) and British Labour Statistics Yearbook (1974-1979).

Note: Average gross weekly earnings for April of each year expressed as a ratio of the Retail Price Index based on April 1974=100. Note that downward movements in the graph indicate that the retail price index is increasing more rapidly than earnings, and vice versa.

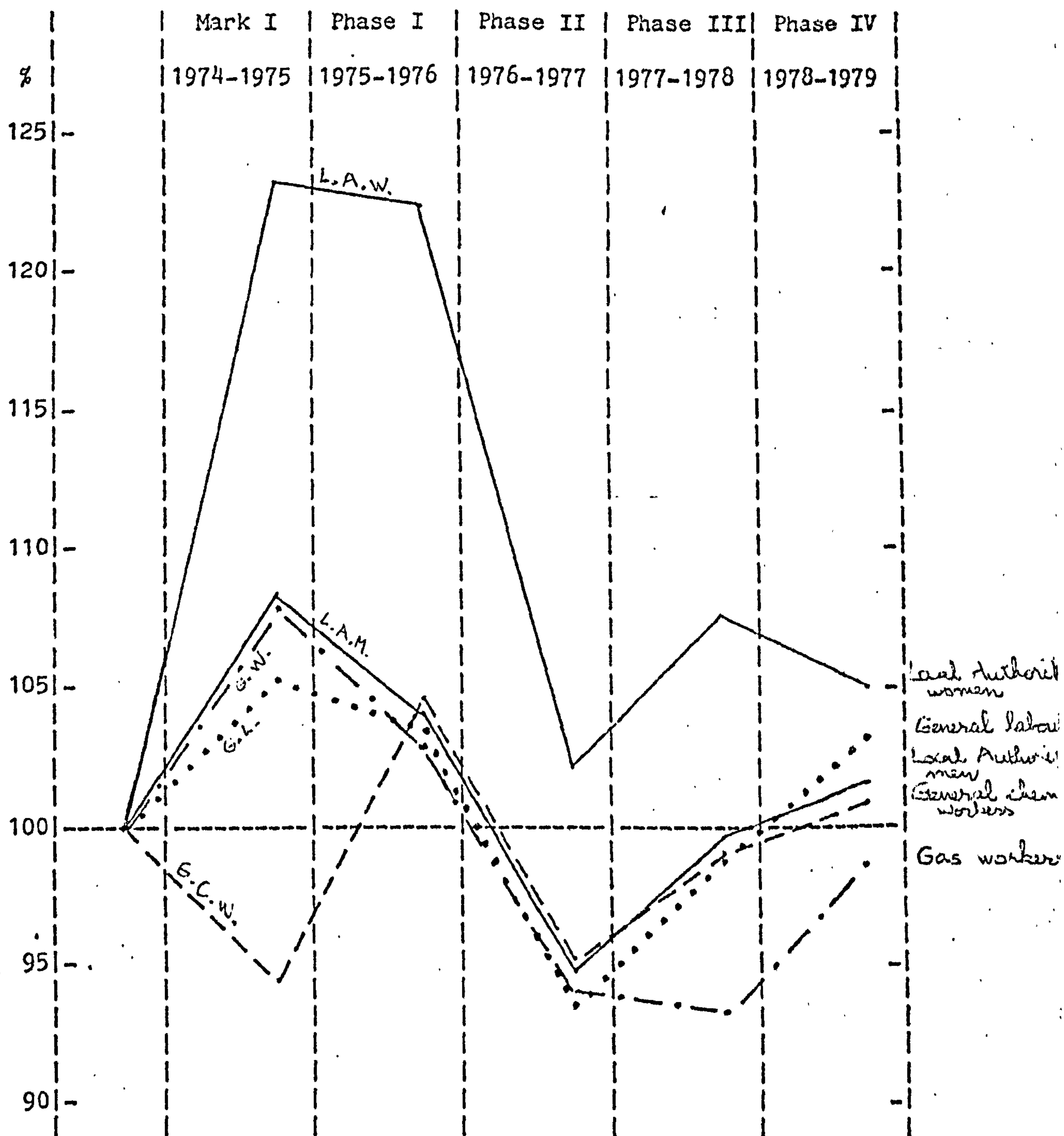


FIGURE D.4: THE INDUSTRIAL IMPACT OF THE SOCIAL CONTRACT INCOMES POLICIES ON THE GMWU. Real Average Weekly Earnings for Selected Occupational Categories Covered by the GMWU

Sources: Calculated from NES (1974-1979) and British Labour Statistics Yearbook (1974-1979).

Notes: Average gross weekly earning for April of each year expressed as a ratio of the Retail Price Index based on April 1974=100. Note that downward movements in the graph indicate that the Retail Price Index is increasing more rapidly than earnings, and vice versa.

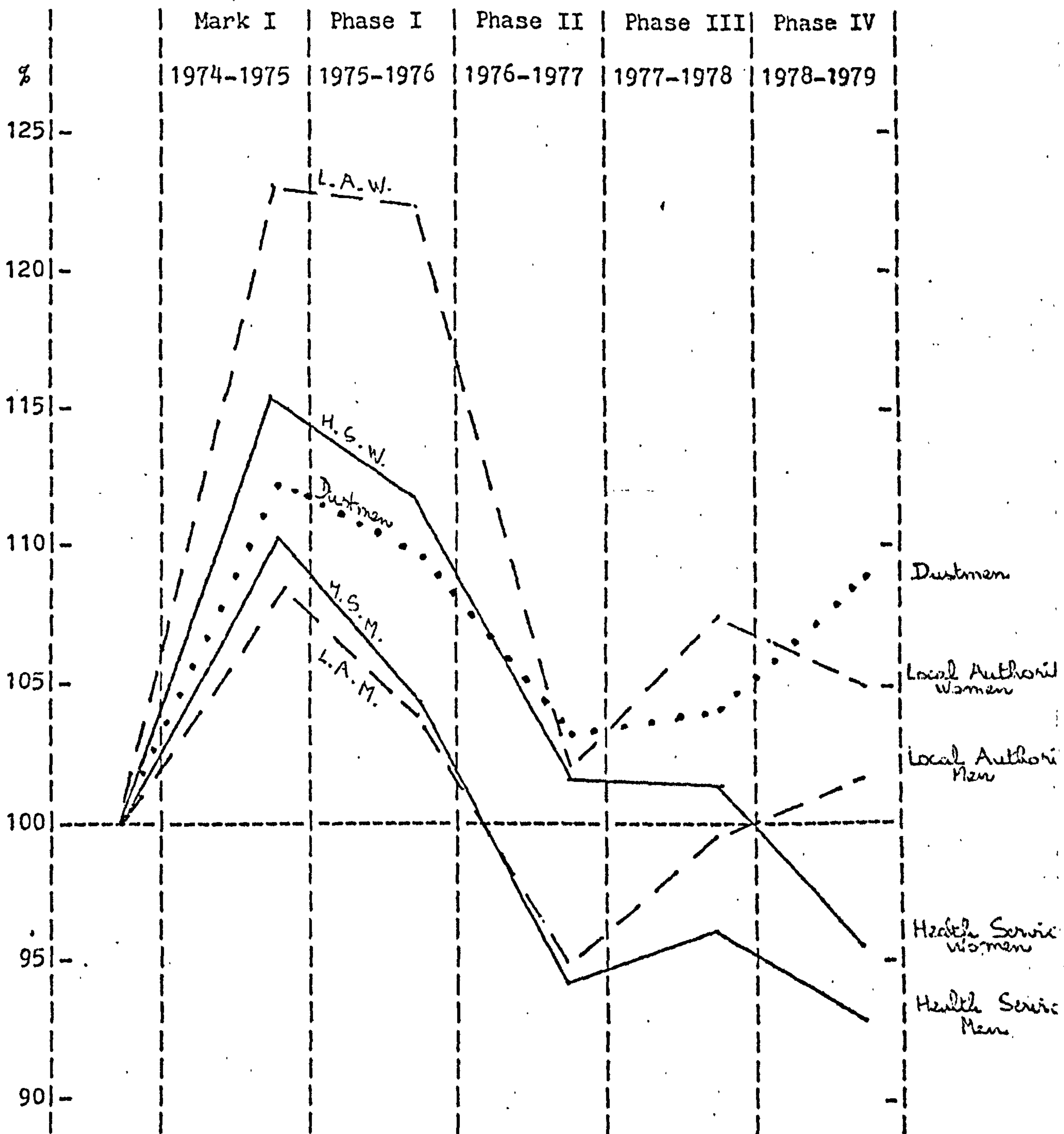


FIGURE D.5: THE INDUSTRIAL IMPACT OF THE SOCIAL CONTRACT INCOMES POLICIES ON NUPE. Real Average Weekly Earnings for Men and Women in Local Authorities and the Health Service

Sources: Calculated from NES (1974-1979) and British Labour Statistics Yearbook (1974-1979).

Notes: Average gross weekly earnings for April of each year expressed as a ratio of the Retail Price Index based on April 1974=100. Note that downward movements in the graph indicate that the Retail Price Index is increasing more rapidly than earnings, and vice versa.

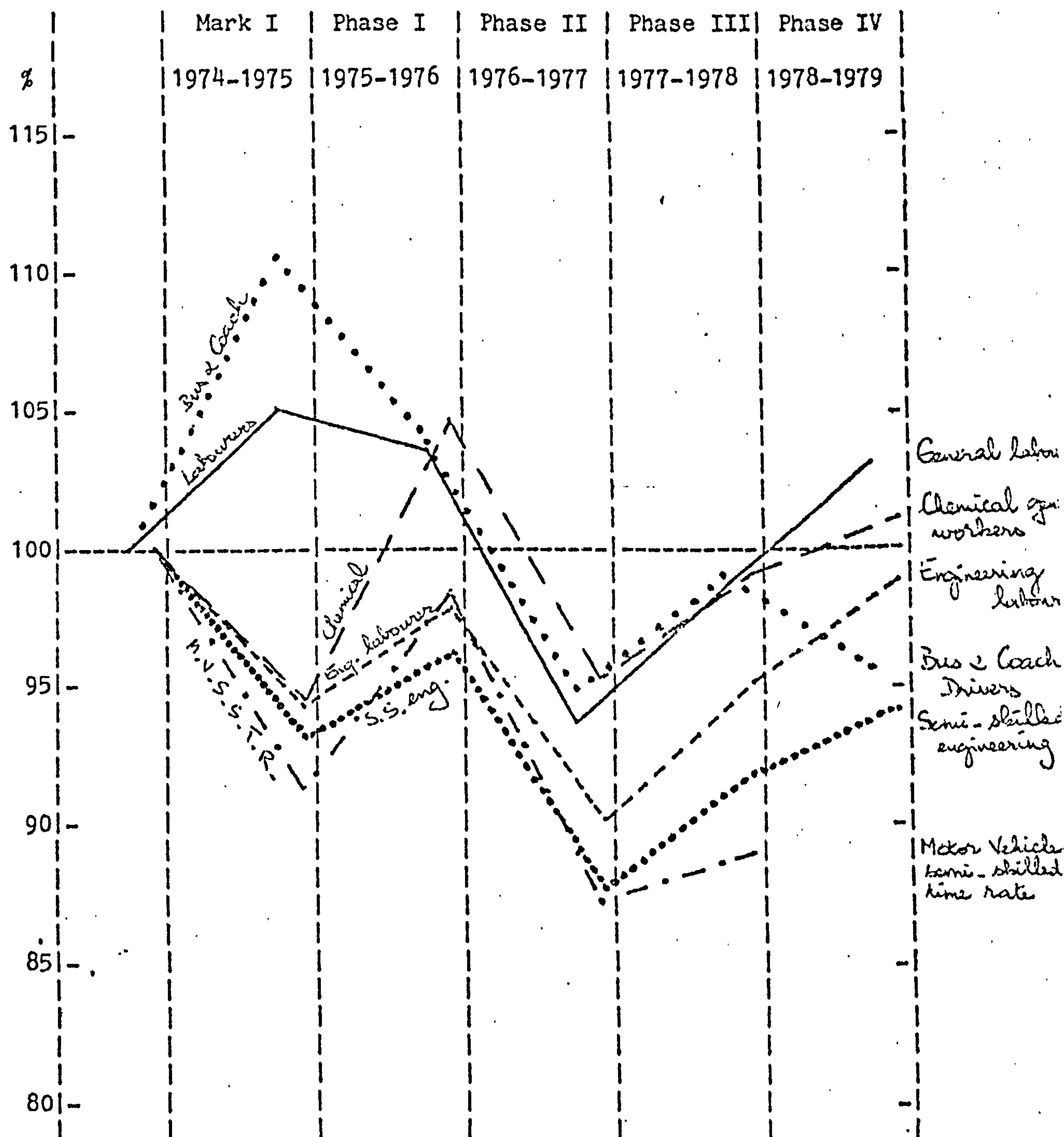


FIGURE D.6: THE INDUSTRIAL IMPACT OF THE SOCIAL CONTRACT INCOMES POLICIES ON THE TGWU. Real Average Weekly Earnings for Selected Occupational Categories Covered by the TGWU

Sources: Calculated from NES (1974-1979), DE Gazette (October, 1974-1979), and British Labour Statistics Yearbook (1974-1979).

Notes: Average gross weekly earnings for either April or June of each year expressed as a ratio of the Retail Price Index based on either April or June 1974=100. Note that downward movements in the graph indicate that the Retail Price Index is increasing more rapidly than earnings, and vice versa.

APPENDIX E

INDUSTRIAL CONFLICT AND THE SOCIAL CONTRACT INCOMES POLICIES

TABLE E.1

FREQUENCY AND VOLUME OF INDUSTRIAL CONFLICT
1969 - 1980

Period (1 Aug. - 31 July)	Number of Stoppages beginning in period	Number of working days lost in stoppages in progress in period
1969 - 1970	3985	9,851
1970 - 1971	2726	16,113
1971 - 1972	2262	19,009
1972 - 1973	2722	11,646
1973 - 1974 (Stage three)	2781	12,117
1974 - 1975 (Mark I)	2974	9,931
1975 - 1976 (Phase One)	1829	3,285
1976 - 1977 (Phase Two)	2351	5,842
1977 - 1978 (Phase Three)	2579	9,512
1978 - 1979 (Phase Four)	2397	15,018
1979 - 1980	1675	31,421
One year period average	2571	13,067

Source: DE Gazette (1969 - 1979: Table 133)

Note: Monthly figures are aggregated on an annual basis from 1 August to 31 July in order to approximate the Social Contract incomes policy periods.

NOTES

Chapter 1

1. The names of some of the sample unions have since been changed because of mergers, amalgamations and other organizational changes. For instance, the National Union of General and Municipal Workers is now known as the General, Municipal, Boilermakers and Allied Trades Union. The names which were operative during the 1970s have been used in this study. Details on these changes for the organizations referred to in this study are supplied in the Key to Abbreviations.

2. Since the study draws on a wide variety of primary and secondary sources, a brief explanation of the system of referencing is required. Given the importance of the primary source materials and interviews in the analysis as well as the frequent reference to secondary literature, a standard system of footnoting might have placed an extraordinary burden on the reader and rendered the text much less accessible. Therefore, after some experimentation, a modified 'author-date' system was developed for the purposes of this text. References to secondary sources conform to the standard 'author-date' entry. Primary sources have been referenced in the same way, but abbreviations are employed to refer to the generic title of primary documentary sources. The acronym of the relevant organization generally precedes the abbreviation. This system applies to sources such as trade union executive and committee minutes or background documents, conference proceedings, industrial conference and committee minutes, union journals and a variety of other document. The abbreviations are generally standardized across all unions for facility of reference and the abbreviations and full titles are cross-referenced in the bibliography. Material drawn from interview sources has been referenced by the date of the interview. Where appropriate, the organizational function or title of the interviewee is mentioned in the text. Otherwise, all interview material is referenced uniquely by date, even when, as was often the case, more than one interview took place on the same day. Such a system was adopted in order not to distinguish between the varying degrees of confidentiality requested by the interviewees while still conveying some impression of the role of the interview material in the construction of the overall analysis.

Chapter 2

1. Seventy Labour MPs defied a 'three-line whip' and party policy when they voted with the Heath Government in the 28 October 1971 Parliamentary vote which ratified Britain's terms of entry into the European Economic Community (EEC). Another twenty Labour MPs abstained. To the chagrin of many on the right of the Party, Tony Benn campaigned successfully to commit any future Labour Government to a referendum on the issue of British membership in the EEC. Roy Jenkins resigned as Party Deputy-Leader on this issue (New Statesman, 1971b: 637; Hatfield, 1978: 67-70; Stephenson, 1982: 19).

2. Benn (1980: 66) has stressed the influence that a number of industrial struggles in the early 1970s exerted on his own thinking. The change in the party's industrial policy and the emphasis on cooperation with the trade unions, rather than the corporatist idea of public ownership planned from the top, 'must be attributed entirely to what was being done on the shop floor during that period'.

3. Hatfield (1978) documents the success of the left in promoting many of its policies on the sub-committees of the National Executive of the Labour Party from 1971 to 1973.

4. MacKintosh (1972a: 13) also emphasized the importance of the debate over Europe in determining political alliances within the party during this period. 'The novel feature of the Common Market issue is that for the first time in the modern history of the Parliamentary Labour Party, the apolitical centre has gone with the Left, thus weakening the position of any leader of the Centre-Right who remains pro-European.' To counter the influence of the left in the party a number of pro-European social democratic MPs later formed the right-wing Manifesto Group in December 1974. This group was the core of the breakaway Social Democratic Party founded in 1980 (see Stephenson, 1982: 33).

5. On the politics and provisions of the Industrial Relations Act, various works are cited in the text. On the impact of the Act on industrial relations practices, see Weekes et al., 1975.

6. Heffer (1973: 199-200) notes that the Government front bench attempted to exploit the possible divisions within the Labour Party on the question of repeal. It was in response to this that the chairperson of the PLP, Douglas Houghton, placed the PLP's commitment to repeal on the Parliamentary record.

7. Hughes (1972: 8-13) drew the same conclusions and called on trade unionists to address themselves to the radical potential of the situation. Inasmuch as there could 'be no simple return to the status quo', he called for a radical extension of worker rights to 'supplement a simply defensive wages struggle'.

8. This package was finalized towards the end of January 1970 when the Shadow Cabinet met for an entire weekend to discuss

Conservative Party policies at the Seladon Park Hotel in Surrey. Thereafter, both Heath and this economic strategy were dubbed the 'Seladon Man' (Butler and Pinto-Duschinsky, 1971: 129-131).

9. The Conservative Party declared its opposition to statutory wage and price controls during the 1970 election campaign. From October 1970, however, the new Government vigorously promoted a voluntary pay restraint policy in the public sector in the hope that the private sector would follow the lead. While the Government managed to maintain its policy in the face of a lengthy postal dispute in early 1971, the policy was breached notably in the cases of local authority manual workers, electricity supply workers, and most spectacularly, the mineworkers in February 1972. There was also very little indication of success in holding down wages in the private sector. The CBI achieved greater success in its attempt to operate a voluntary limitation on price increases from the summer of 1971 to the summer of 1972. However, the CBI was not prepared to continue this policy unless there could be some guarantee that a comparable limitation on wage increases would reduce cost pressures. The Government then attempted to construct some kind of understanding on this basis. The subsequent breakdown of these tripartite negotiations in November 1972 led to the imposition of a statutory pay and prices policy. These negotiations and the trade union role therein are discussed in Chapter 3. See also Clegg, 1978: 464-468; Barnes and Reid, 1980: 132-134 and 145-154; Workers' Educational Association, 1972; and Torode, 1971: 4-5.

10. Balogh (1970b: 3) noted that most countries since the war had attempted to achieve growth and stable prices: 'they failed time and again, either because the fight against rising prices caused such unemployment as was politically unacceptable, or because measures mitigating unemployment resulted in such a cost explosion as carried prices with it'. Balogh concluded that the problem of 'how to reconcile a level of unemployment which is socially satisfactory with stability of prices and therefore with a balance in international payments' remained unsolved. He was critical of Crosland and others within the Party who felt that the Keynesian revolution had cured the basic economic ills; but was more critical again of 'the new lunatic fringe on the left which partly demands the maintenance of full employment, while raucously asserting their faith in unrestricted collective bargaining' (8-10). Indeed, Balogh charged the trade unions with incomprehension and resistance. In order for a future Labour Government to pursue the expansionary policies being advocated by Harold Lever and others, he argued that a 'social consensus' or 'social contract' on economic policy must be achieved on a broad front. 'The unions and the Labour Party must therefore . . . make it quite plain what clearly sensible alternative policies they are willing to pursue provided a consensus on general social and economic policy can be secured' (Balogh, 1970a; see also Balogh, 1970c).

11. On the development of the TGWU-AUEW axis, see Barrat Brown (1972: 180). It should be noted that this alliance was primarily based on the personalities of the respective leaders, Jack Jones and Hugh Scanlon. There continued to be considerable rivalry between the two

unions as they competed for the same membership amongst the semi- and unskilled grades of the engineering industry. It was fortuitous, albeit a reflection of the period, that both unions happened to elect left-wing general secretaries at roughly the same time. It was clear to both Jones and Scanlon that they would have to depend on the support of each other if they were to prevail over the traditional dominance of the 'moderate coalition' within the TUC General Council. On the policies of these two unions on collective bargaining and incomes policy, see Chs. 3 and 4.

12. Composite 19 emphasized the need for an incomes policy and called for, inter alia, the consideration of a legally-fixed minimum wage and the formation of a study group to suggest how a future Labour Government would tackle inflation. It was defeated by 3.139 to 2.851 million votes (LPCR, 1970: 214-229).

13. Hatfield (1978: 61-63) claims that it was the adoption of this approach that persuaded the TGWU and AUEW to vote for the policy document at the 1971 Conference. Note that its adoption was ultimately made easier by the move from pegged to flexible exchange rates. The Bretton Woods international monetary system disintegrated in 1971; and the Government floated the pound in 1972 (see Gamble, 1981: 128-129). This was seen as the removal of one of the major obstacles in the pursuit of expansionist economic policies. It was thought that the flexible exchange rate would diminish the pressure on the pound and, thereby, reduce the need for overly restrictive wage policies.

14. The Institute for Workers' Control was founded in 1968 to further 'the extension of democratic control over industry and the economy itself, by assisting the unification of Workers' Control groups into a national force in the socialist movement' (Coates, 1968: 104). The Institute attempted to bring a variety of workers as well as intellectuals together to pursue this common programme. As Topham and Coates (1969: 27) later wrote, 'The reason therefore, why workers' control is advanced as a slogan in present circumstances is that it provides both the essential bridge over which workers can pass from a defensive or corporate consciousness to full socialist understanding, and the strategy whereby that understanding can express itself in action which reaches out beyond the possibilities of a capitalist order'. Both the Bulletin of the Institute for Workers' Control and the annual Trade Union Register which began publication the following year were a regular forum for the discussion of such ideas. Undoubtedly, the two most significant books in giving this 'transformational strategy' specific expression were by Barrat Brown (1972) and Holland (1975).

15. It was decided at a conference of affiliated executives in March 1967 'that such conferences should be held annually to consider reports by the General Council on the economic situation and to develop a general economic strategy for the Movement, within which an active and progressive incomes policy can be formulated' (TUCR, 1967: 306). The conferences were later abandoned; but the publication of the annual economic review has continued.

16. Holland (1971: 10-12) advanced the need for a multi-sectoral state holding company. The 1960s Labour Government's Industrial Regeneration Corporation had fulfilled a useful function; but it was really little more than an investment loans agency. If effective economic planning was ever to take place, then the state would need to exert some control over 'the commanding heights' of the economy. Some degree of equity in major manufacturing concerns, held by such a state holding company, 'would give a greater degree of direct control over the rate, composition and location of investment than would have been provided by different macroeconomic policies and more State loans'. The TUC argued that a new Public Investment Agency was needed 'to channel public funds into the private sector by acquisition of a minority or a controlling share of equity, and to establish new public manufacturing and commercial operations' (TUCER, 1972: 24).

17. The 1972 Industry Act provided the mechanisms and finance for large-scale assistance to private industry, particularly on a regional basis. The extent of the Government's turn-around can be gauged by the eighty percent upward revision in planned public expenditure on aid to private industry in 1972-1973 (Young and Lowe, 1974: 137-138 and 163; On the collapse of Rolls Royce, see Lever, 1971a; On the impact of the work-in at Upper Clyde Shipbuilders, Interview with J. Airlie, Chairman of the 'UCS Coordinating Committee at the time of the work-in, 23 September 1980; also Thompson and Hart, 1972).

18. Import and capital controls assumed an increasingly important place in the formation of an alternative economic strategy. Already in 1966, a group of Labour MPs and sympathetic university economists had argued that such controls might form part of an alternative package to the wage freeze that had been implemented by the Wilson Government to reverse the balance of payments deficit (Kerr, 1966). It was frequently argued, particularly by Cambridge University economists, that the balance of payments problem was 'the critical constraint on economic growth and the maintenance of full employment'. Therefore, if any British Government was to pursue a policy of expansion, then it would be necessary to stem the rush of imports through physical controls. Britain's Economic Crisis published by the Cambridge Political Economy Group (1974) was seen as one of the more cogent expositions of an early alternative economic strategy. It advocated the necessity of immediate import controls with provisions for the planning of trade in the longer term (see also Ward, 1981). In addition to the role that import controls might play in protecting the balance of payments under conditions of expansion, later advocates of controls have tended to focus on the role that they might play in arresting the deteriorating trade position of a variety of manufacturing industries and acting as 'an essential adjunct to industrial planning' (see, e.g., CSE London Working Group 1980: 87). Debates in the 1980s about the possibilities and limits of a potential alternative economic strategy can be traced very directly to this earlier period. Moreover, most of the issues in dispute have remained the same.

19. Hatfield (1978: 44-66) suggested that much of the energy and organisation of the social democrats in the party was absorbed by their campaigning in favour of EEC membership. It should also be noted that the head of the Home Policy Committee's research staff, Terry Pitt, was sympathetic to the strategy of the left, and played an important role in determining the research agenda.

20. Benn first proposed this as a slogan in March 1973 (Hatfield, 1978: 161). It then appeared in Labour's Programme 1973 (Labour Party, 1973) and was featured in the party's February 1974 election manifesto (Labour Party, 1974).

21. Jack Jones, the General Secretary of the TGWU, for instance, has suggested that Labour politicians do not necessarily bring forward pro-working class' policies of their own accord; nor would they necessarily remain bound to them. It was therefore better to commit them to a definite and immediate policy (Interview, 16 May 1980; also see Jones, 1981: 158).

22. As Alan Bullock (1960: 205) wrote in his biography of Ernest Bevin, as the prime mover behind the amalgamation of a number of unions to form the TGWU, 'The General Secretary represented the unity of the Union. He was the man who held it together and resisted the particularist tendencies of the trade groups . . . It was to the General Secretary that the Executive looked for guidance in formulating policy and under his supervision that the officers carried out the Executive's decisions.' This tradition found its expression in subsequent TGWU general secretaries (on Arthur Deakin, see Allen, 1957; on Frank Cousins, see Goodman, 1979; the definitive biography of Jack Jones has yet to be written).

23. Roger Undy (1978:56), for instance, notes that from 1945 to 1977 the platform at the TGWU's biennial policy conference had only been defeated on two comparatively minor issues. 'Apart from these defeats, successive general secretaries had carried the conference'.

24. This view was reiterated in the great majority of interviews with TGWU members and officials.

25. Jones (1981: 158) later confirmed this view. 'For all its deficiencies, the idea of a Social Contract has a lot to recommend it. It means committing Labour's leaders to a definite immediate policy, and if the policy is the right one it can enthuse the ranks and give cohesion to what is now a disunited army'. In other words, Labour's leaders must continually be committed and re-committed to definite immediate policies.'

CHAPTER 3

1. The TUC set out a detailed list of what it considered to be the scope for future industrial relations legislation. This included a wide variety of both contentious and less controversial items: the

individual rights of workers vis-a-vis their employers ranging from the right to belong to a trade union to protection against unfair dismissal and the rights to notice; a trade union recognition procedure; the proposed conciliation and arbitration service; the non-legally binding character of collective agreements; the rights of trade union representatives including access to members, safety, disclosure, and advance notice of redundancies; the definition of and legal machinery affecting trade disputes including injunction procedures and picketing; and the definition and status of trade unions. These proposals were set out in a document, 'Industrial Relations - The Scope of Future Legislation', prepared for the TUC General Council's the Finance and General Purposes Committee (see TUC F&GPC, 17 May 1972) and then forwarded for discussion by the Liaison Committee. This list formed the basis of the future legislation. It was not until the following summer that it was proposed and agreed that the Social Contract employment legislation should be implemented in three stages or Bills (LCR, 23 July 1973). The first stage would be a "Repeal Bill" of the Industrial Relations Act restoring protections for trade unions and improving provisions for unfair dismissal. A second Bill, would be introduced later and extend the rights of workers and unions. Finally, a third Bill would extend industrial democracy within companies. In fact, this three-stage plan was largely adhered to when the 1974 Labour Government was elected. However, because of the minority status of the Government in Parliament, some parts of the original Repeal Bill had to be incorporated in a later amending Act when the Labour Government enjoyed a majority. Equally, the industrial democracy issue was sufficiently controversial that a special inquiry was held (Bullock, 1977). Ultimately, only a White Paper was produced.

2. Callaghan had been reported to favour some form of compulsory arbitration under the rules of the proposed arbitration and conciliation service as a possible opening towards some form of counter-inflation policy. At the June Liaison Committee meeting, however, the TUC adamantly rejected such an approach (see LCR, 19 June 1972).

3. The CBI later extended its policy in this direction. The Future of Pay Determination (CBI, 1977), a discussion document published in June 1977, was designed to start a public debate on the British system of pay bargaining. In particular, it suggested that, while maintaining a system that would allow freedom to negotiators, a 'national forum' should be created to help foster a 'national consensus' on the country's economic reality. The important difference with the earlier Heath approach was that it did not depend on legal intervention. Rather, employers should seek to achieve voluntary reform of plant and company-level bargaining. This desire to create a 'national economic forum' was affirmed in the February 1979 CBI policy document, Pay: the choice ahead (CBI, 1979). It was argued that the forum would shape expectations about the pay bargaining round in much the way that the West German model was designed to work. Such a 'corporatist' vision, however, was markedly out of step with the free market policies of the new Conservative Government in 1979 and was quietly abandoned.

4. Since prices policy, particularly as regards foodstuffs, later became a source of contention between the TUC and the 1974-1979 Labour Government, it is interesting to note the Labour Party representatives' initial caution on this issue. 'It had to be recognized however that an open-ended subsidy to keep food prices within the given figure even if this did not fall foul of Common Market considerations - might lead to a very high Exchequer commitment, to be financed by taxation' (LCR, 20 November 1972). The 1974-1979 Labour Government initially did implement food subsidies and then abandoned them progressively in the face of pressures to reduce public expenditure.

5. The original draft of Economic Policy and the Cost of Living in fact referred to a Labour Government producing 'the atmosphere' which would engender the confidence to make a wide-ranging agreement possible (LCR, 22 January 1973). 'Wide-ranging' certainly connoted, inter alia, pay policy.

6. The "NEDC Six" are the six members of the TUC General Council who serve as the TUC representatives on the National Economic Development Council. They are nominated for a multi-year term by the TUC Economic Committee, one of the key sub-committees of the General Council. Their nomination is ratified by this latter body. The "NEDC Six" are viewed as the key actors in TUC economic policy-making, often representing the TUC in its dealings with the government on economic and incomes policies. The Six usually consists of the most influential members of the General Council since by custom it includes the leaders of the three largest unions - the TGWU, the AUEW and the GMWU - along with the TUC General Secretary and two other senior members of the economic committee.

7. In a comparatively high turn-out (78.1 per cent), the Conservative Party gained 37.8 per cent of the popular vote to the Labour Party's 37.1 per cent. The major electoral surprise was the popular vote of the minor parties, particularly the Liberals who polled 19.3 per cent of the popular vote. In terms of parliamentary seats, however, the Labour Party gained four seats more than the Conservatives (301 to 297). For a full account of the election, see Butler and Kavanagh, 1974.

8. Scargill (1975), then president of the Yorkshire region of the NUM, gave a markedly different account of the Government's intentions. 'Heath had decided right after the '72 strike that he would have to inflict a defeat on the miners.'

9. Rule 11 of the TUC Constitution outlines its role in industrial disputes. Except when the disputes of affiliates directly affect other affiliated workpeople, the General Council is only empowered to intervene at the request of an affiliated organization. Where the General Council does intervene, it is obliged either to tender advice to the affiliated organization or 'organize . . . all such moral and material support as the circumstances of the dispute may appear to justify' (TUCR, 1973: 710-711).

10. The first volume of Barbara Castle's diaries to be published, The Castle Diaries 1974-1976 (Castle, 1980) is an invaluable supplement to much of the primary data on this period. Since Castle gives detailed accounts of particular meetings, based on the shorthand notes that she took as a participant in these meetings, her observations will frequently be used to corroborate information obtained from other primary sources.

11. Scanlon was personally reluctant to use the term 'contract', preferring the term 'compact' because it had fewer legal connotations (Interviews, 30 April and 8 July 1980). He was also perhaps less fully integrated into the TUC-Labour Party policy-making process than some of the other TUC representatives, even though the industrial strength of the AUEW added considerable weight to his views when he was present to express them. Of the nineteen Liaison Committee meetings held between February 1972 and January 1974, observations on attendance are available for fifteen of them. On the trade union side, the institutional representation was most constant as the TUC General Secretary, either Victor Feather or Len Murray, was present for all fifteen meetings. Jack Jones attended thirteen of the fifteen meetings for which observations were available. Hugh Scanlon, in contrast, attended only seven of these fifteen meetings. This was marginally better than Sir Sidney Greene of the railway workers union who was present for six meetings only. The GMWU General Secretary attended nine of the fifteen - David Basnett, three of four; Lord Cooper, six of eleven. George Smith from the construction workers union also attended nine. As regards the PLP representatives, the Labour Party leader, Harold Wilson attended twelve of the fifteen meetings. James Callaghan was present for ten meetings and Denis Healey attended thirteen of fourteen meetings when he was Shadow Chancellor. If this data does not permit any firm conclusions on the degree of Scanlon's commitment to the 'Social Contract', it does indicate the importance that Jack Jones personally attached to the discussions and the high level of commitment forthcoming from the leadership of the PLP (The figures were obtained from LCR, 21 February 1972 through 4 January 1974).

Chapter 4

1. For an understanding of TGWU bargaining policy, I owe a particular debt to the extensive discussions I have had with Harry Urwin. This section on the TGWU, however, does not necessarily reflect his views nor, of course, does he bear any responsibility for errors that might be found therein.

Chapter 5

1. The Con-Mech case was the final embarrassment of the Industrial Relations Act. With the new Government's commitment to repeal the contentious legislation, the Act was in a state of virtual 'suspended animation' from February 1974 (see Thomson and Engleman, 1975: 90-

92). The notable exception concerned a union recognition dispute dating from the previous year between a small engineering firm in Surrey, Con-Mech (Engineers) Ltd., and the Engineering section of the AUEW. An AUEW application to represent twenty-six employees at Con-Mech was not only refused, but resulted in the dismissal of their two shop stewards. The union at the firm took industrial action in their defence. The employer was granted an injunction by the National Industrial Relations Court (NIRC) to compel a return to work. The AUEW, following its policy of total non-cooperation with the Industrial Relations Act, ignored the injunction and was subsequently fined by the NIRC. Failure to pay the fine resulted in the sequestration of assets in November 1973. The AUEW responded with two one-day protest strikes in the engineering industry. The matter did not end there, however, as the employer successfully sought compensation for damages. At the end of March 1974, the NIRC ordered the AUEW to pay forty-seven thousand pounds in damages. When the union again refused to pay within the prescribed time limit, the NIRC ordered the sequestration of all AUEW assets. This prompted the AUEW executive, typically by a vote of four to three, to call for an immediate national engineering strike on 7 May 1974. The strike was embarrassing for both the TUC and the Government who were attempting to highlight the new era of industrial peace under the Social Contract. Considerable efforts were made by the Secretary of State for Employment to persuade the AUEW that in the light of the imminent repeal of the Industrial Relations Act it should relax its policy of non-cooperation. However, neither the Government nor the TUC were willing to accede to the AUEW request for an immediate repeal of the Industrial Relations Act because they argued it was also necessary to enact replacement legislation. The AUEW called off the strike after twenty-four hours when the NIRC agreed to accept the offer of a group of anonymous donors to pay the fine and compensation owed by the union. The identity of the donor(s) remains unknown, but speculation pointed to companies affected by the dispute in the engineering industry. The NIRC was abolished with the repeal of the Industrial Relations Act two months later. On this series of events, see AUEWJ, November 1973 and April 1974; The Times, 29 March and 9 May, 1974; Guardian, 24 April 1974; Scotsman, 8 May 1974; Clegg, 1976: 462; Moran, 1977:146.

2. Ironically, the Chancellor encountered more opposition to his budget from the Keynesians within the Cabinet than he did from the TUC. Harold Lever, Chancellor of the Duchy of Lancaster, argued that the essence of the Social Contract was reducing unemployment and going for growth. The budget, he maintained, would inevitably increase unemployment and the Government would then 'be in trouble with the trade unions' (Castle, 1980: 51). In a post-budget meeting with the Government, the TUC representatives expressed the hope that remedial reflationary action would be taken if necessary (TUC ECD, 27 March 1984).

3. The consultations between the TUC and the CBI were the first national-level meetings between them since the CBI supported the principles of the Industrial Relations Act in 1970 (The Times, 21 May 1974).

4. In the discussions within the Economic Committee, the overt reference to the acceptance of Stage Three was removed at the insistence of Laurence Daly of the NUM (MS, 13 June 1974). Press reports following the General Council meeting which endorsed Collective Bargaining and the Social Contract noted reservations on the part of at least three general secretaries: Ray Buckton of ASLEF, Frank Chapple of the EEPTU, and Geoffrey Drain of NALGO (Guardian and The Times, 27 June 1974).

5. The Communist Party was equivocal on the Social Contract during the early months of the new Labour Government. There was little attempt to oppose the Social Contract within any of the sample unions. In the AUEW, for instance, in which the Party has traditionally been well organized, there was little concerted attempt to promote opposition to the Social Contract at the National Conference in June (Labour Weekly, 21 June 1974; see also AUEWAC, 1974; Guardian, 20 June 1974). Given the success of the campaign against the Industrial Relations Act and in which Communist Party activists had played such a prominent role, Party strategists were possibly wary of directly criticizing the new Labour Government which was committed to the repeal of the Act and, by extension, the union leaders such as Jones and Scanlon who had led the opposition to the Act but were also prominent supporters of the new Government. This equivocation was gradually resolved in favour of unambiguous opposition to the Social Contract. The Party newspaper, the Morning Star, expressed its opposition to the TUC General Council's voluntary wage guidelines in June and bitterly criticized Party member, Ken Gill, when he withdrew his motion critical of the Social Contract at the September TUC (11 June and 5 September 1974). In early 1975, the Party's industrial organizer, Bert Ramelson, published a pamphlet, The Social Contract - Cure-all or Con-trick?, which attacked the Social Contract and specifically targeted union leaders such as Jones and Scanlon who had won the movement against incomes policy and now were supporting the Social Contract (Ramelson, 1975: 8). Ramelson argued that voluntary restraint was only a prelude to compulsion and that the Social Contract must be defeated so as to force the Government in a new direction. To convey some flavour of later opposition to the Social Contract on the left in the AUEW, one of the more scathing, if iconoclastic, critics disparaged even the authenticity of the concept: 'The only Social Contract was by Rousseau and he was a bloody liar. It was even a plagiarism in its title. There was a need to be masked.' (Interview, 15 October 1980).

6. This was true, for instance, of both the Civil and Public Services Association (CPSA) and ASTMS. See Daily Express, 17 May 1974; ASTMSJ, March-April, 1974; also below.

7. On the February 1974 General Election, see note 7, Chapter 3. In the October 1974 election, the results were as follows: Labour 319, Conservatives 276, Liberals 13 and Others 27. Labour improved its percentage of the popular vote in the October election jumping by 2% to 39.2% as opposed to the 35.8% of the Conservatives. Labour's majority of three, however, was reduced to one with a by-election loss in June 1975. Following subsequent by-election losses, the Government's survival was increasingly tied to a complex series of

formal and informal arrangements with the smaller parties, most notably with the Liberals in 1977-1978.

8. Michael Stewart (1977: 205) quotes a spoof news item from Private Eye (21 March 1975) which nicely captures at least some of the absurdities of the Social Contract Mark I period.

WAGES

Wilson Warns

By our Political Team

In a shock warning last night the Prime Minister Mr. Harold Wilson gave his strongest warning yet.

He warned: 'Make no mistake. If wages continue to rise, people will take home more money. That is the consequence of continued wage rises.'

In what was clearly intended as a warning to the Unions, Mr. Wilson warned: 'You have been warned'.

9. Monetarists have explained this decline in the rate of wage increases as a result of the levelling off of increases in the money supply. They have argued that the high rate of wage inflation in 1975 was due to the rapid increase in the money supply in 1972-1973. Brittan and Lilley (1977: 175) suggest, therefore, that the Phase I six-pound policy was unnecessary as wage rates were declining in any case. Institutionalists, on the other hand, held that price and wage increases were the result of increases in world commodity prices. They were transferred into the British economy and sparked off a competitive wage and price spiral. Only an incomes policy, they argued, could break the vicious circle. The relative merits of this debate continue to nourish polemics between monetarists and their opponents.

10. By the end of 1975, the rate of unemployment in Britain had risen higher than at any point since 1951. It continued to rise through 1976 (Sedgemore, 1978: 63).

11. These proposals were presumably modelled on those of the Cambridge Political Economy Group. See note 18, Chapter 2.

Chapter 6

1. 67.2 percent of those voting favoured Britain's continued membership in the EEC. The majority in the Cabinet, the other major political parties and the CBI favoured continued membership. The Labour Party NEC, half of the PLP, the Labour Party Conference and the majority of trade unions favoured Britain's withdrawal from the EEC.

2. Public expenditure had risen from fifty-one percent of GDP (at current prices) in 1970-71 to sixty percent in 1975-76. This attracted considerable attention in economic circles, and led to charges that public spending was out of control. Whether the increases were due to conscious policy decisions or actual loss of

control, the Government was under increasing pressure to review its system for the planning of public spending. Thus, in July 1975 the Treasury announced that in 1976-77 seventy-five percent of central government expenditure would be controlled in cash rather than volume terms. This was the beginning of the system of cash limits which the Government found was also a convenient method to enforce a pay policy in the public sector (see Stewart, 1977: 221-224).

3. Prior to 1983, most General Council members were elected from a number of trade groups. All affiliated unions cast votes in each of the trade group elections. From the 1983 Congress, elections were held only for General council members representing the women's section and those unions with fewer than 100,000 members. Unions with more than 100,000 members were automatically entitled to a representative on the General Council with additional representatives allotted to the largest unions (see TUCR, 1983: 655).

4. Even without accounting for inflation, the AUEW(E) and the GMWU paid out fewer dispute benefits in 1976 than any other year in the 1970s. The attempt by GMWU officers to make an industrial response to the changed political and economic climate of the Social Contract was possibly reflected in the fact that its next lowest levels of dispute benefits in the 1970s were in 1975 and 1977, both years of voluntary restraint. Similarly, the AUEW paid out its next lowest level of dispute benefit in 1974 with 1975 and 1977 also at relatively low levels. The size of ASTMS changed so dramatically in the 1970s that it is difficult to compare levels of dispute benefit through the decade. However, 1976 was the lowest year in benefits paid out in the 1973-1979 period. Finally, the TGWU paid out its lowest levels of dispute benefits in 1974 and 1976 respectively. In terms of benefits paid out as a percentage of total membership contributions, TGWU dispute benefits were as follows: 1970 - 13.5%, 1971 - 18.3%, 1972 - 13.5%, 1973 - 4.8%, 1974 - 2.6%, 1975 - 4%, 1976 - 2.1%, 1977 - 4%, 1978 - 14.9%, and 1979 - 8.2%. The comparatively low figures from 1974 through 1977 would seem to reflect an effort to minimize the number of official disputes. This was confirmed by a senior TGWU official who suggested that they tried to ensure that they were not involved in strikes which were too obvious or breached the policy. See ASTMR, 1974-1979; AUEW NCR, 1972-1979; TGWUR, 1972-1979; and GMWU Accounts, 1972-1979.

5. The Prime Minister, Harold Wilson, resigned on 16 March 1976. The election of his successor was held over the following three weeks with only Labour MPs eligible to vote. Michael Foot topped the first ballot with ninety votes to James Callaghan's eighty-four. The other aspirants, Roy Jenkins, Tony Benn, Denis Healey and Anthony Crosland, received fifty-six, thirty-seven, thirty and seventeen votes respectively. On the second ballot, Callaghan topped the poll with one hundred and forty-one votes to Foot's one hundred and thirty-three. Healey received thirty-eight votes. The result of the final ballot was announced on 5 April. Callaghan received one hundred and seventy-six votes to Foot's one hundred and thirty-nine. The result was, inter alia, a clear affirmation of the strength of the social democratic conception of the Social Contract within the PLP. Callaghan's victory did not, however, represent any significant shift

in the balance of political forces. Foot would continue to be the principal interlocutor of the left of the Party within the Government as well as a key intermediary between the Cabinet and the TUC General Council. Callaghan replaced Wilson as the principal interlocutor of the right within the PLP.

6. The key item in the deal was cuts in public spending in order to achieve a rapid reduction in the Public Spending Borrowing Requirement (PSBR). However, it also involved a Government commitment to dispose of some of its holdings in British Petroleum, the national oil firm. This seemingly created the precedent of using privatization as a method of reducing the PSBR. This device was subsequently embraced with considerable enthusiasm by the Conservative Government elected in 1979.

Chapter 7

1. Perhaps the most notable exception was when two of the lay leaders of the moderate caucus in the AUEW National Committee, also Coventry toolmakers, successfully argued that the union should support the Government's Phase One policy but subsequently found themselves leading a toolmakers' dispute at the British Leyland Canley works in protest at their reduced differentials resulting from the six pound policy. They acceded to the AUEW executive's instruction that they return to work - an instruction in fact delivered by one of the more prominent opponents of the Social Contract incomes policies within the AUEW at the time (Interviews, 14 and 28 March 1980).

2. In all of the sample unions except the AUEW, the general secretary played this key intermediary role. In terms of the internal and external political processes of the AUEW, the President was the approximate functional equivalent of the general secretary in the other sample unions. The elected AUEW general secretary played a somewhat unique administrative role which often assumed more political overtones than was characteristic of appointed administrative officials in the other sample unions. Indeed, the formal relationship between general secretary and president or chairperson in the other unions varied considerably and was often an indicator of relative degrees of general secretary discretion in the internal policy process. In order to avoid unnecessary repetition of the difference between the AUEW and the other sample unions on this point, subsequent reference to the role of the general secretary in the sample unions will assume the functional equivalent, the president, in the case of the AUEW.

3. The subsequent success of the moderate faction in consistently securing a majority on the National Committee, particularly immediately prior to its restructuring in the early 1980s, was built on its efforts to move the 'floating' divisions away from a policy of independence and into the moderate organization 'whip' (Interviews, 2 June, 24 July and 29 September 1980).

1. Note that during Phase One support among trade unionists for the Government's prices and incomes policy ran higher among trade unionists than among non-trade unionists. However, as support for the policy dipped dramatically during Phase Two, the support of trade unionists temporarily fell below that of non-trade unionists (see Figure C.1, Appendix C). Similarly, while opposition to the policies had run higher among non-trade unionists during Phase One, the level of opposition among trade unionists exceeded that among non-trade unionists during Phase Two. This represented a qualitative shift in the polling data as the level of opposition among trade unionists remained higher during Phases Three and Four (see Figure C.2).

2. In the May 1979 general election, the Conservative Party easily secured a parliamentary majority in one of the largest swings in popular vote in the postwar period. The Conservatives obtained 43.9 per cent, Labour 36.9 per cent and the Liberals 13.8 per cent of the popular vote (Guardian, 5 May 1979).

3. The interview materials covered most the trade groups in the union. Minutes or conference records of four national trade group committees, one national section committee, and several London region trade groups were examined. Without being a completely comprehensive coverage, this material represents a relatively good cross-section of the different industrial groupings in the TGWU.

4. The Government entered into a formal alliance with the Liberal Party in March 1977 in order to secure a Parliamentary majority (see Mitchie and Hoggart, 1978). In anticipation of an autumn election, the Liberal Party withdrew from the pact in 1978. This provided an additional element of instability in the Labour Government's attempt to enforce unilaterally a Phase Four policy. For instance, the use of contract sanctions for non-observance of the policy was defeated in Parliament. This defeat effectively undermined any further attempts to enforce the Phase Four guidelines in the private sector.

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